THE MAGAZINE FOR INDIAN BUSINESS

11-24 APRIL 1990, AN ANANDA BAZAR PUBLICATION RS 7.

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BusinessWorld

The recent elections to the Bombay stock exchange's governing board proved beyond doubt that Manu Manek is the man who matters.

KING OF THE RING

- TATA TEA'S HEADY BREW
- CLARION CAPERS

Britannia's Rajan Pillai & MD Sunil Alagh

THE NEW BRITANNIA

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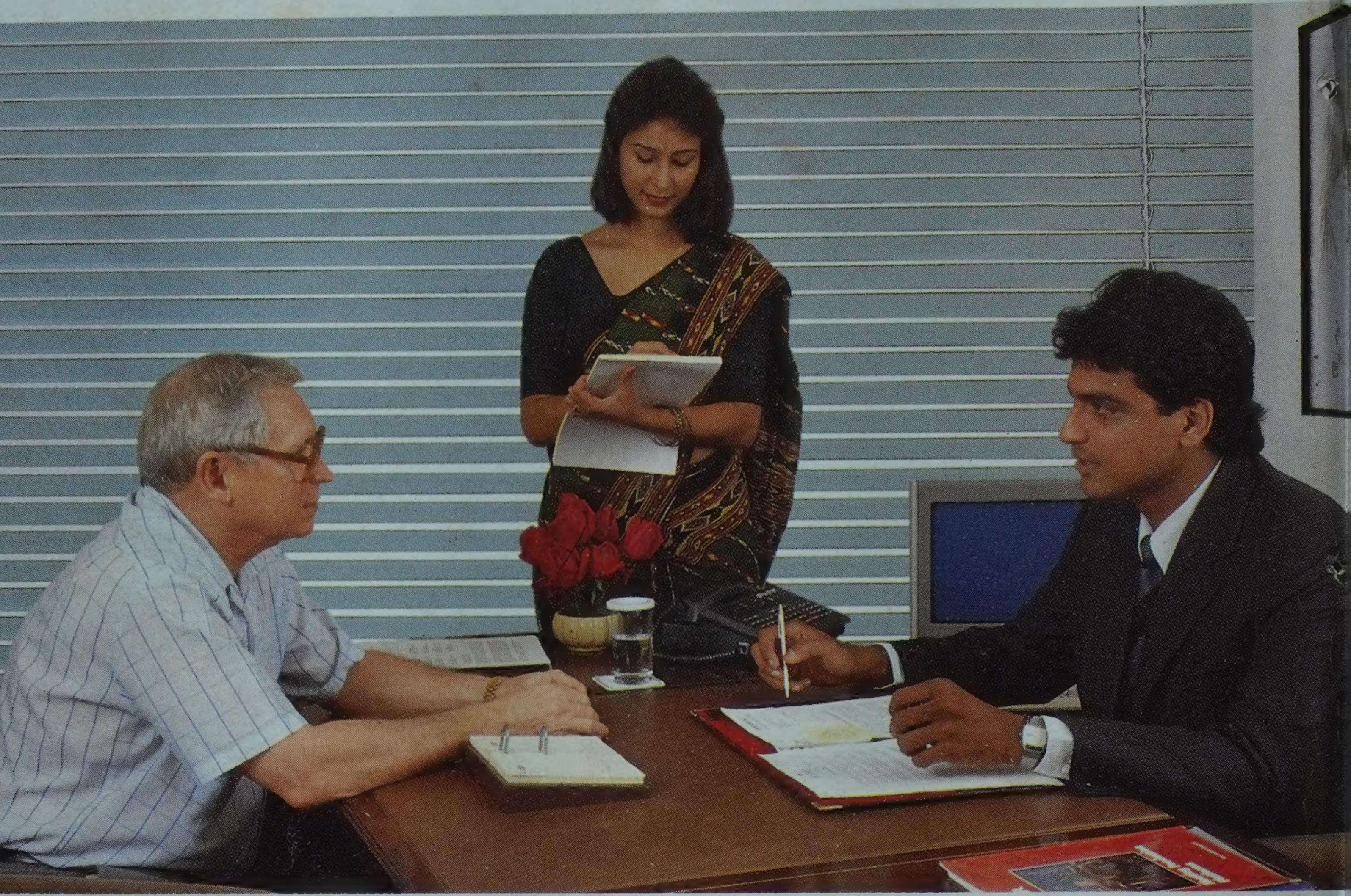

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BUSINESS QUOTES

- **When Einstein went to heaven, the first person he met had an IQ of 250. So he discussed abstract physics with him... the third person had an IQ of only 40. Not knowing what to talk with him, Einstein thought for a moment and then asked: "What do you think is the future of the Bombay stock exchange."**
  Taxation expert Nani Palkhivala, quoted in *The Afternoon Despatch & Courier.*

- **We are not walking towards economic dependence (towards a debt trap), if necessary rationing will be resorted to.**
  Prime minister V.P. Singh, quoted in *The Independent.*

- **Education or degrees certainly have a value but for entrepreneurs like us it does not matter much. We are *banias* and right from the time we come into our senses we begin learning what is profit or what is loss.**
  Bangur family scion Shreekant Bangur, quoted in *The Economic Times.*

- **I do not wish to take the time of the house in making my speech a substitute for the voluminous budget documents, and thus deprive the members of the excitement of reading these documents.**
  Finance minister Madhu Dandavate in his budget speech.

- **The budget raises hopes and apprehensions and I cannot say now whether it will ultimately check inflation.**
  West Bengal chief minister Jyoti Basu, quoted in *The Economic Times.*

- **Let me make one thing clear — we are not running away from competition. Small units may be effective in their immediate surroundings, but they can't hope to compete with us nation-wide.**
  Berger Paints managing director Biji Kurien on whether the company is going hi-tech because of threats from small units, quoted in *Business Standard.*

- **All I want to say is I'm not a TV tiger, I'm not a paper tiger. I belong to the masses.**
  Deputy prime minister Devi Lal, quoted in *Sunday.*

- **People have come up to me and said, "This is worse than Bhopal." I say, "Hell, Bhopal killed more than 3,000 people and injured 200,000 others!" Then they say, "Well if you leave the people out, it was worse than Bhopal."**
  Exxon chairman Lawrence Rawl, one year after his company's major oil spill off Alaska, quoted in *Time International.*

- **We all have the same steel, the same technology. The soft issues — management, accountability — are what differentiate us. They are the difference between winning and losing.**
  Whirlpool CEO David Whitwan on competitors, quoted in *Fortune International.*

BusinessWorld

IN THIS ISSUE

OF BULLS AND BEARS

BUSINESS FEATURE

BSE'S *BADSHAH*

The recent elections to the Bombay stock exchange (BSE) proved yet again that operator Manu Manek is king of the ring. Four of the six who won seats on the BSE governing board were Manek's men. What makes him so powerful? A close look at the man and what he stands for.

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SPECTRUM

BUDGET'S FUNNY NUMBERS

Despite all the changes proposed in Madhu Dandavate's maiden budget, its sums don't add up. That means the finance minister has yet to come to grips with the problem of revenue deficits.

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COMMENT

COPING WITH HIGH-TECH

Advanced technology is a must these days. And it needs a totally different corporate culture to handle it.

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SPECIAL REPORT

CLARION CAPERS

Amit Sen Gupta, managing director of Clarion, is out. He is only the most recent of Clarion bosses to get the axe. What explains the curious state of affairs in this Calcutta-based advertising agency?

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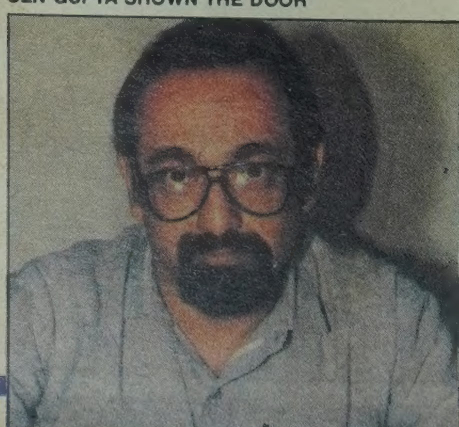
SEN GUPTA SHOWN THE DOOR



ECONOMY & BUSINESS

GENSETS: A DEGENERATE MARKET

POWERLESS

Birla Yamaha and Shriram Honda had expected to generate substantial profits when they went into portable gensets. The market, unfortunately, has turned sour on them.

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THE GLITTER IS BACK

The Gold Control Act, long a major bugbear, has been scrapped. Prices have dropped and the trade is preparing for happier times.

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Other Economy& Business items from page 39.

INVESTMENT WORLD

"WE ARE FAST AND FLEXIBLE"

This issue of *InvestmentWorld* includes an interview with Can Fin Homes managing director A.K. Shetty. Another highlight is a feature on investing in wood.

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BANKING & FINANCE

TERMING THE RIGHT RATE

Financial institutions are gearing up for an across-the-board hike of their term lending rates by one percentage point. Critics ask whether the institutions should opt for graded lending rates linked to the borrowers' creditworthiness.

▪ PAGE 16

BOB FISCAL (1988-90) RIP

Last month the finance ministry ordered the winding up of BoB Fiscal, the Bank of Baroda's merchant banking outfit. That brought to an end a sordid tale where it had got embroiled in the takeover machinations of tycoon Dhirubhai Ambani. Now bankers are wondering where finance minister Madhu Dandavate's axe will fall next.

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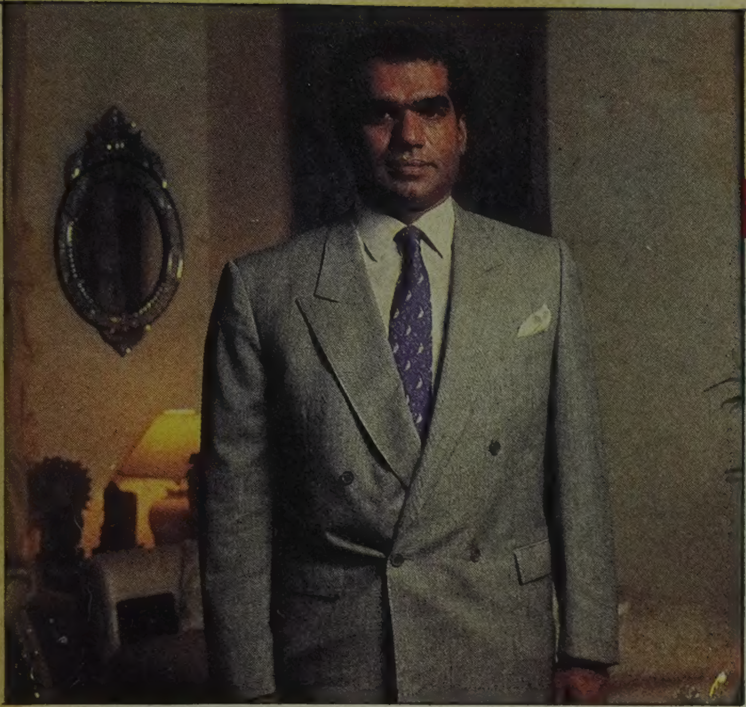

PILLAI HAS PLUM PLANS

CORPORATE INSIGHT

THE NEW BRITANNIA

Britannia Industries is today poised on the threshold of leap-frogging growth. J.M. Rajan Pillai, who took it over last year, has brought in French foods major BSN Groupe and both he and CEO Sunil Alagh are confident that the sky is the limit.

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IN THE NEWS

ART ATTACK

Bombay's Dynasty Culture Club has started a drive to rope in corporate memberships. Director Ronnie Screwvala thinks it will be no problem meeting targets.

SCREWVALA IS SPREADING CULTURE

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YOUNG HAND

At 29, Sanjiv Goenka is the youngest-ever president of the Indian Chamber of Commerce. He intends to bring youthful zest to a venerable institution.

▪ PAGE 29

NOT MERE PIPE DREAMS

Finolex group chairman P.P. Chhabria says his problems are over. Expansion plans are proceeding apace now.

▪ PAGE 31

AN UPSTART MAKES GOOD

The ice-cream market is getting hotter daily. But R.G. Chandramohan, managing director of south India-based Arun ice cream, is not worried.

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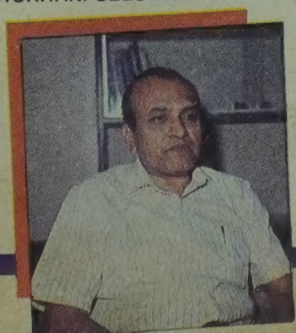
THE CHOKHANI FLOAT

The Chokhani drydock in Madras is finally afloat. Chairman Vishnu Chokhani now feels that everything is shipshape.

CHOKHANI SEES NO HITCHES



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COMPANY NEWS & EVENTS

BIFORA'S SECOND TRY

Bifora, the Karnataka-based also-ran in the watches league, is making a determined bid to grab a share in the market, setting aside old memories of failure.

▪ PAGE 88

TATA TEA'S HEADY BREW

The crown jewels in Darbari Seth's darbar, Tata Tea, the world's largest tea company, is no longer just that. It's the Tata group's new engine of growth. With Seth having pulled off a double coup — the Consolidated Coffee takeover and the prestigious Haldia Petrochem project — Tata Tea's the company to watch in the Tata group.

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Other Company News items from page 94.

BOOKS

WHAT MAKES AN ENTREPRENEUR?

Defining the qualities necessary for successful entrepreneurship is a tough job. This book attempts to do just that in the Indian context.

▪ PAGE 70

OTHER PAGES

What do Swiss businessmen perceive as the main obstacles to investment in India? "The highly regulated economy and restriction on equity participation to 40%," says Michael Ambhul, the youthful first secretary (economic and commercial) at the Swiss embassy.

What about the present government's attitude towards foreign investment? "So far we do not have an exact picture," he says. "The investment policy seems to be still under formulation. But we are confident the investment climate will remain as it was."

As for details of the Swiss bank accounts relating to the Bofors deal, Ambhul plays the diplomat he is: "Our government couldn't have moved more swiftly after the MOU (memorandum of understanding) seeking judicial assistance in investigating alleged criminal offences was signed between the countries in February, and India initiated the necessary follow up. The accounts have been frozen on India's request, and the case referred to courts in Zurich and Geneva. When and what they will decide is something I cannot tell: in Switzerland, as in India, courts are independent. Meanwhile, I would say it's idle to speculate on the identity of the accounts." That's a lot of words to basically say "No comment."

MUM'S THE WORD FOR AMBHUL

What's so complicated about leasing that one needs extensive training courses to learn all about it? "That's what everybody in India has been asking me," says Sudhir P. Amembal, CEO of Amembal, Halladay & Isom, the world's largest lease education outfit.

Leasing, he explains, is in its nascent phase here (against 10 years in India, in the US leasing is a 120-year-old, $120 billion business). "I would say you are in phase I while in the US we are in phase IV," he says. And as the business develops, it will acquire intricacies.

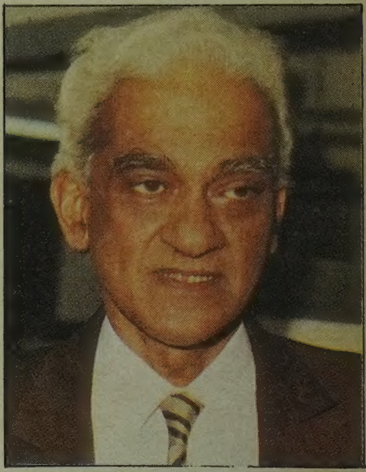
"Right now, in India, leasing is just another financing instrument," says Amembal. "It will become complicated when it becomes a product."

And Amembal expects to be there to help throw light when that happens. His outfit has already conducted training courses on leasing all over the world, including in the USSR and China. Come August, India will be added to the list. Will leasing, down in the dumps for some time but currently upbeat, get a new lease on life?

AMEMBAL IS EASYING LEASING

S. R. ('Mani') Ayer, managing director of Ogilvy & Mather (O&M), says he has learnt a lot from the experience. Whizkid Ashish Mitra, whom he had imported from Hindustan Thompson Associates, has left for greener pastures (see Clarion capers p.21) after just about a year.

It rankles. In the first place Mitra and his allegedly autocratic ways caused a minor exodus from O&M shortly after he joined. Secondly, now that he has left, Mitra has been spreading the word that his departure was because he was not given the slot second to Ayer that he had been promised.



AYER AIN'T PLAYING MUSICAL CHAIRS

"That's all his imagination," says Ayer. "All I had told him was that I was giving him the opportunity to run a big profit centre like Bombay. The rest is his imagination."

Ayer adds that O&M believes in a different sort of succession planning. "We don't play musical chairs out here; we add chairs," he says. Mitra's responsibilities, for instance, have been carved up and made into two new posts. The moral: it boots little to get too big for your boots.

A QUESTION OF EQUITY

The Union government's arbitrarily generous decision to write off outstanding loans and interest dues of Rs 612 crores of the Delhi Transport Corporation (DTC) deserves to be roundly condemned. It is neither just nor fair to expect the already calloused and burdened taxpayer to underwrite losses arising from monumental inefficiency to which it is a helpless spectator.

There are several points of principle at stake here. First, the writeoff is horrendously inequitable: it is tantamount to picking the pockets of even the poorest of the poor (for which citizen does not contribute indirect taxes?) in order to retrospectively subsidise the commuting costs of the capital's residents.

Second, there is no promise that the DTC will improve its operating performance from now on and curb its losses. Nor is there any move to overhaul the corporation's management systems, tackle endemic problems like high staff costs and low productivity, and generally work towards providing customers a better deal. Bail out DTC today, and it is a safe bet that history will repeat itself five years down the line. After all, bureaucrats go by precedents, don't they?

Third, it needs to be examined whether DTC is reaping the benefit of its undue advantage of being the only city bus service owned by the central government, all others being state government undertakings. If not, why not similarly bale out Calcutta Tramways? Or extend a helping hand to the other centrally-owned commuter service, the Calcutta Metro? Where and how does one draw the line?

Fourth, at a time when the prime minister, the finance minister and several other worthies in the government are crying themselves hoarse about reducing non-plan expenditure, how does one explain the sanction of a non-plan loan of Rs 50 crores to DTC for 1990-91? Since the corporation has no ostensible prospects of being able to service its debts, the proposed fresh loan disbursal merely plants the seed for a future writeoff.

The blunt truth is the DTC deserves no sympathy, and certainly none at the cost of an already shortchanged taxpayer who is in no way responsible for its financial difficulties. Let the corporation seek a managerial — and not bureaucratic — solution to its problems. And leave the taxpayers alone.

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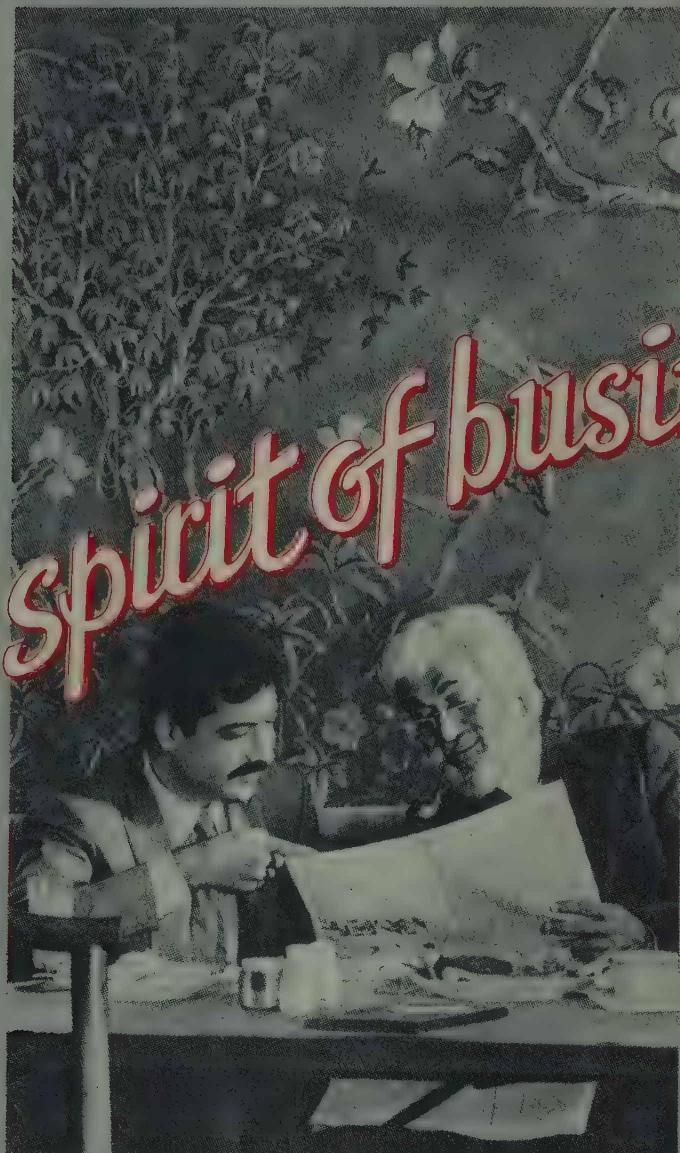

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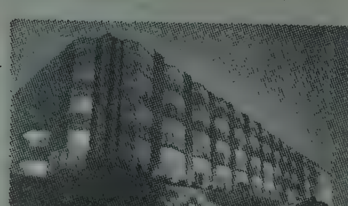
We have 113 twin and double bedrooms. Five spacious suites. A 24-hour coffee shop. A spiffy restaurant offering Indian, Chinese and Continental fare. And a bar too!

We also offer a swimming pool, a health club, a shopping centre, and a business centre.

Yes, we're geared to help you handle your business better. It's the kind of spirit we're sure you're looking for.



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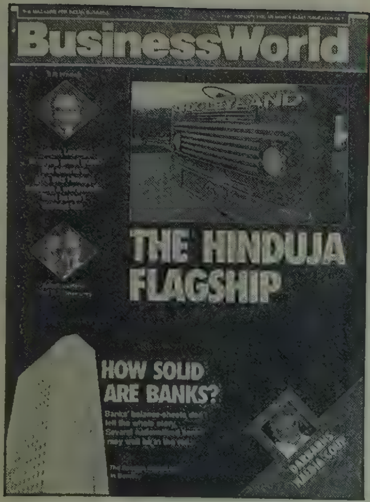


LETTERS TO THE EDITOR

THE COLOUR OF MONEY

This refers to the Banking and Finance item 'Banks on the brink?' (*BW* 14-27 February, 1990). Apart from doing an excellent analysis of the existing situation, it was also very informative. Doubtless, *BusinessWorld* is incomparable with any other business magazine.

The profits of nationalised banks have been eroded to a great extent by the increments in salaries, overstaffing and mismanagement at all levels. The day is not far away when the banking sector will end up sick, if concrete and result-oriented steps are not taken.

The RBI should direct all nationalised banks to get customer-oriented, reduce the percentage allotment to the weaker sections and increase the rate of interest for fixed deposits coupled with tax concessions.

Harendra Bansal
Firozabad

INSULT TO INJURY

This refers to the article 'Banks on the brink?' While it tried to present a real profitability picture of public sector banks, the RBI governor R.N. Malhotra's statement urging banks to work harder came as a great surprise.

The profitability of public sector banks is at present being affected by many factors, including RBI policy decisions and guidelines. They incur heavy expenditure due to the RBI's ways of functioning. And to add insult to injury, the RBI expects public sector banks to work harder to improve their standing.

How should public sector banks go about the task of improving their working? This is a question worth asking.

A. M. Sadare
Badlapur (Maharashtra)

A BALANCING ACT

Apropos your writeup on 'Banks on the brink?,' it would be advisable to compel foreign banks to have a higher SLR (statutory liquidity ratio) and CRR (cash reserve ratio) vis-a-vis nationalised banks to balance the unequal competition.

This would narrow the differences between nationalised and foreign banks arising out of the lack of social commitment and political pressures, apart from an ability to tinker with RBI and Fera norms by the latter. Alternatively, new private banks could be allowed to enter the banking system to compete on an equal footing with foreign banks.

R. Ramakrishnan
Madras

MAKE-BELIEVE FIGURES

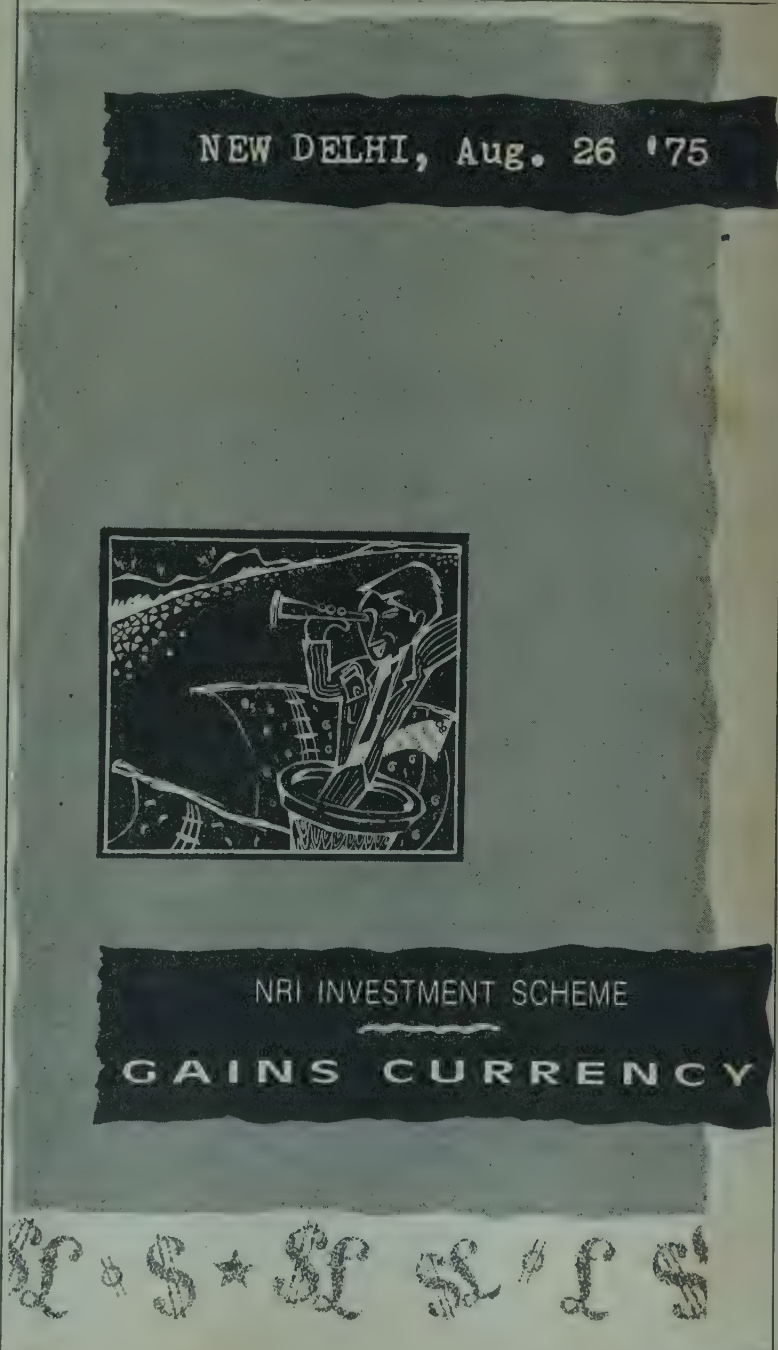
This refers to the revealing article 'Banks on the brink?' Balance-sheets, besides fulfilling the statutory requirements, should reflect the performance of any organisation. But as far as banks are concerned they are misleading, with make-believe figures. Even the residual figures available in bank balance-sheets show us only the tip of the iceberg.

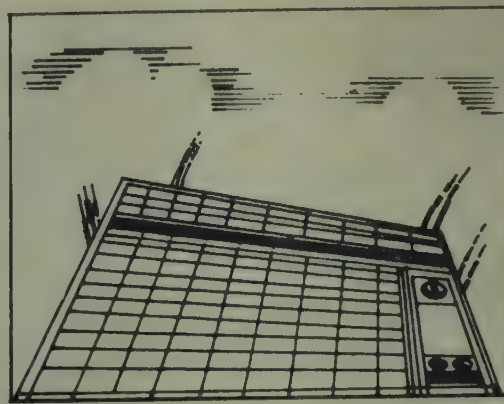
As per your figures, Canara Bank, with working funds only twice that of United Bank India (UBI), has generated a profit 240 times that of UBI's. Similarly, several banks with more working funds than Canara Bank have produced a fraction of the latter's profit.

It's possible that Canara Bank did not allocate adequately for the various provisions/reserves to arrive at its hefty figure, while UBI did what was required and reported a meagre profit. Also, Canara Bank was helped further by the hidden provisions of the Banking Regulations Act.

It is time banks reveal how they utilise public money.

H. A. Shaffi
Madras





Watch out. Sometimes brand-new airconditioners are prone to fatal heatstrokes

Can you tell the healthy from the sick?

The truth is that you can't. Not when ACs are fitted with ordinary compressors.

When the outside temperature crosses 40°C, the load on the compressor shoots up. That's when the compressor's quality is put to test. Can it handle the pressure? And for how long?

Questions that can make the owner of the AC not just hot and bothered but nervous as well.

If a compressor dies on you in the middle of May, you either sweat out the rest of the summer, or be ready to replace the compressor—with a cheque that runs into thousands.

Is there any insurance?

Yes, there is.

If you insist, in the first place, that your new AC is fitted with a Kirloskar compressor.

Unfazed by 46°C

No Johnny-come-lately, the Kirloskar compressor has held off the torturous Indian summer, from millions of homes, offices, hospitals, hotels and restaurants and kept them wonderfully cool for 18 years.

It takes voltage fluctuations in its stride, with an exceptionally wide operating range of 180 volts to 260 volts—even when a scorching, 46°C, outside temperature adds to its load. (Other compressors begin to groan at that temperature if the voltage drops to 180 volts.)

In addition, it has an *overload protector* that shuts off the compressor automatically during periods of severe voltage fluctuations.

The compressor also has a special *internal pressure relief valve*, that takes care of any other unforeseen stress on the compressor.

In other words, burnouts common to other compressors, simply don't happen with a Kirloskar compressor. Besides, it's energy-efficient.

And this compressor is *quiet*. None of that rude annoying drone that other compressors can't seem to avoid.

For India's heat and dust

The Kirloskar compressor does all this because, although it is based on an American design, it's been adapted over the years to Indian operating conditions.

It can withstand the heat and dust of Delhi, the pollution of Bombay, the humidity of Madras and the erratic power supply conditions all over India - and still keep its cool for years.

A promise that keeps owners very comfortable indeed, in more ways than one, summer after sizzling summer.

Kirloskar

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AN EYEWASH?

This refers to the Housing Finance interview 'We discourage investors' (*BW* 14-27 February). Deepak Parekh of HDFC states that prepayment charges could be a token Rs 100, if made from bonafide sources. Far from the truth.

In 1982, I had taken an HDFC loan of Rs 96,000. When disbursement reached around Rs 63,000, construction was delayed due to a cement shortage. To save the 14% interest charged on the disbursed amount, I pre-paid Rs 50,000 from my non-resident account.

Nevertheless, HDFC charged me 14% interest for the six-month period on the pre-paid amount. During the eighties, when the government and corporate giants defaulted in payment, HDFC penalised prepayments this way!

Narayanaswamy M.
Kuwait

STEALING THE SPARK

This refers to the Economy & Business item 'The hidden competition' (*BW* 14-27 February). While Bosch and Champion have been at war for a while now, it is Champion which has stolen the show in most countries. Rumour has it that with the arrival of Modi Champion, competition has hotted up. So much so that Mico forces dealers to combine orders for fuel injection equipment with a certain number of spark plugs.

Secondly, buyers wrongly feel that Modi Champion's plugs are comparatively costlier than Mico's. In reality, however, the bi-metallic plugs of both the companies cost the same.

And with IVP setting up a new plant at Hyderabad in collaboration with Fiat of Italy, a new round of fighting is bound to be sparked off, with each manufacturer trying to prove its worth. A definite advantage to the customer.

P. K. Patnaik
Alwar (Rajasthan)

BEING IGNORED

This refers to the management item 'JIT and India'(*BW* 14-27 February). I would simply like to supplement it with a point about the Japanese origins of JIT. Taiichi Ohno of Toyota, who managed the development of JIT, has defined it as follows: "Just-in-time means that in a flow process the right parts needed in assembly reach the assembly line at the time they are needed and only in the amount needed. A company establishing this flow throughout can approach zero inventory."

Wouldn't it be reasonable to expect evidence of genuine attempts to implement correctly the JIT theory before debunking it wholly or partly? In any case, why is the experience of Indo-Japanese companies being ignored when JIT is said to be synonymous with Japanese manufacturing management?

P.S. Thomas
IIM, Ahmedabad.

MISLEADING

The item Inside Info (*BW* 14-27 February 1990) stating that Tata Metals & Strips Ltd.(TMSL) has managed to acquire a controlling interest in Rolloy Metals is both mischievous and misleading.

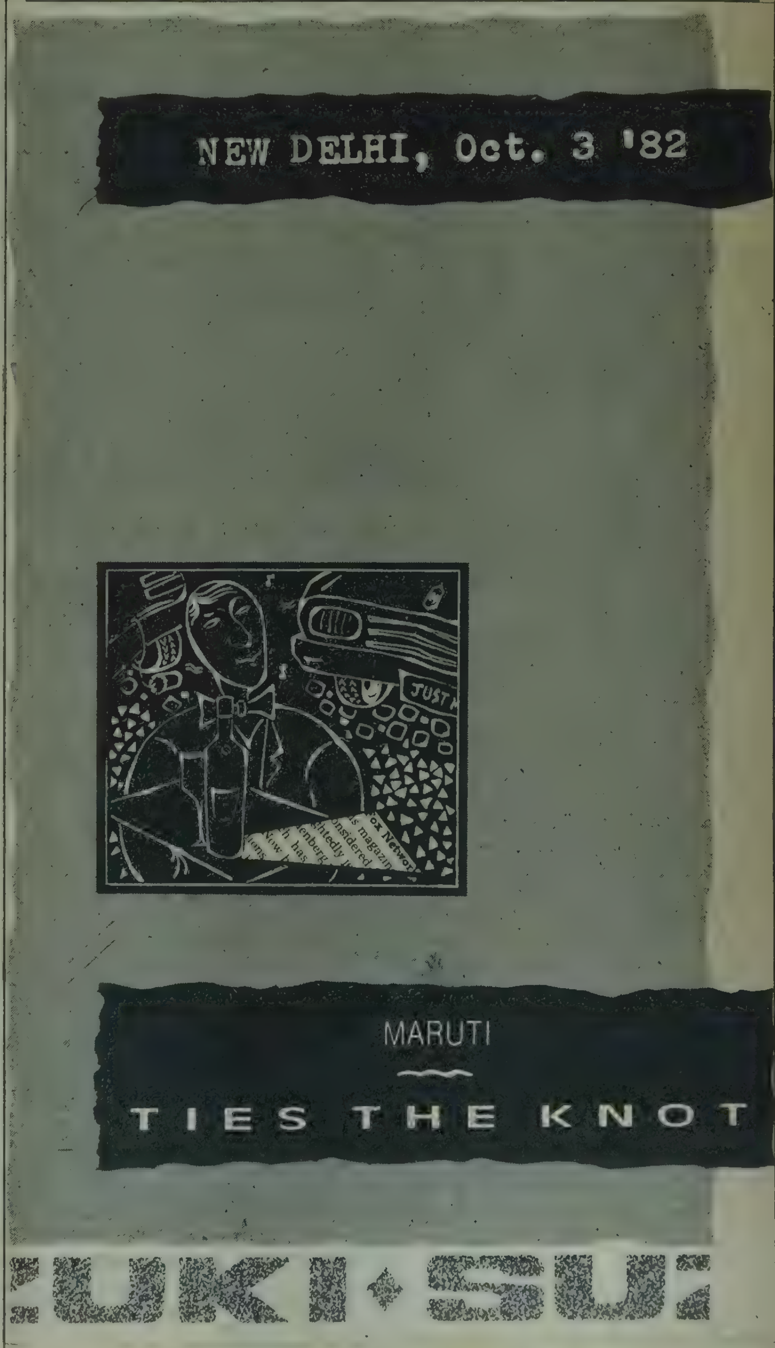
While a team of executives from TMSL did visit Aurangabad in the middle of December 1989, it was with the intention of only seeing the facilties as we wished to add further value to the strips produced at Navsari by having a certain quantity processed at Aurangabad on a jobbing basis. We wish to clarify that TMSL has no plans to acquire any interest in Rolloy Metals.

G.S. Jambekar
Company secretary
Tata Metals & Strips Ltd.
Bombay

INVALID CLAUSE

This refers to the Steadymoney item 'PPF: Super benefits'(*BW* 14-28 February). All aspects relating to PPF are explained lucidly. However the statement that "on withdrawal, 1% of the amount withdrawn will be deducted" is incorrect. This clause was made invalid some time ago.

Ravi Padaki
Bangalore



A world leader in manganese ore and a pioneer in Indian ferro-alloys strikes a high-tech vein-electronics.

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A CLEAN CHIT FROM RBI

OSWALS OFF THE HOOK?

The Oswals, it seems, have been let off the hook. Remember the flutter moneybags Abhey Oswal caused when he successfully bid for Union Carbide's Chembur plant. There were a number of allegations that a quid pro quo had worked in this, because at around the same time, the Oswals bagged the Shahjahanpur project pipping at the post the public sector Kribhco. The government, it was then said, had asked the Oswals to take over the Chembur plant which had become a headache for the authorities because of the unresolved problem posed by a workforce which could not be retrenched.

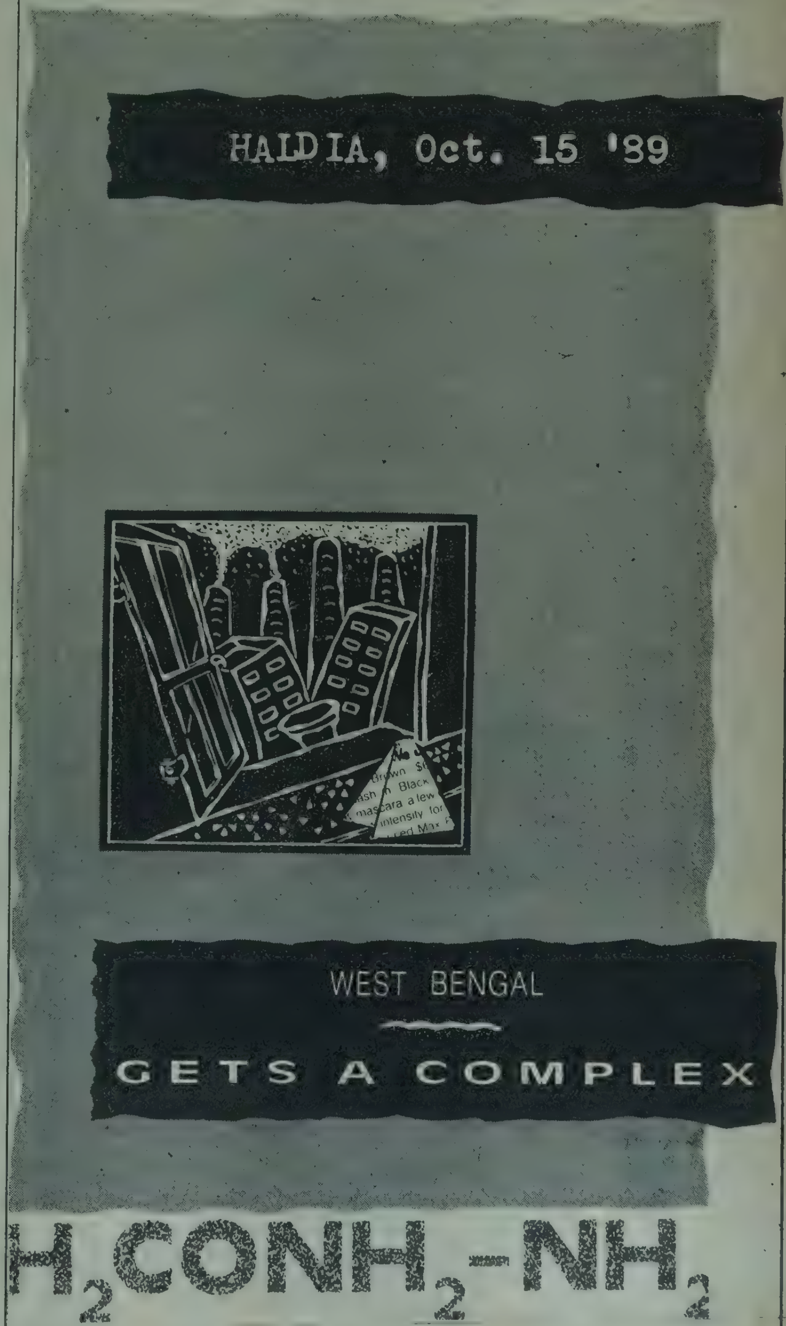
An allegation was made in the press that the Oswals had been given undue favours by nationalised banks who had bent the rules to provide money to them for buying the plant. The government had asked the Reserve Bank of India (RBI) to look into the matter. The finance ministry has now come to the conclusion that as far as the State Bank of India and the State Bank of Patiala, the lead banks, were concerned, they did not extend any credit facility to the Oswals for purchase of the plant.

This conclusion was drawn by the finance ministry recently on the basis of a report filed by the RBI. The company seems to have played its cards well, at least in the Chembur plant deal. The Shahjahanpur contract, however, is a different kettle of fish, but then the erstwhile government did not institute any enquiry into it. One does not know what the new government will do. But with last year's mega issues going through a review process, one never knows. For the moment though, the Oswals can sleep in peace.

CAPITAL OBSESSION

The four metropolitan cities in the country may be in a bad shape, with some worse than the others. Calcutta may be breaking up at the seams and Bombay barely coping with the rush of population from all around. But the government seems only to be obsessed with Delhi, with its budget increasing every year. The Charles Correa committee set up to look at urbanisation submitted a voluminous report on what to do about the trend. Now the government has reportedly rejected one of its major recommendations, which involved setting up of a national fund for the metropolitan cities.

The ministry of urban development, which had been asked to look into the recommendation had referred it to the planning commission asking for its comments. And the planning commission shot down the proposal for a separate fund for the four cities. The ministry, which has cashed in on the commission's rejection, now holds that there is no need for such a special fund because there are at least 329 other urban centres which needed attention besides 49 priority urbanisation regions. The ministry has argued that if the cities were given a separate fund, the other centres are likely to languish. The resources available, it feels, could be applied with better advantage to the country as a whole without creating islands which take away most of the money and attention. Is it that the bureaucrats and politicians sitting in Delhi cannot see beyond the tree-lined boulevards and flyovers in the capital to the other metros which are in dire straits?



BUDGETARY CALLISTHENICS

The finance minister needs to be given a big hand for the deft manner in which he imposed a fairly heavy dose of taxation on industry without drawing too many adverse reactions. The initial response was quite euphoric, partly because investors on the stockmarkets feared a substantial dose of taxation on individuals.

But in reality, the finance minister has indulged in fiscal callisthenics by reducing the rate of corporate tax and withdrawing the deductions which are the lifeline of Indian industry. While the deletion of the obnoxious s.115-J has been widely acclaimed, the net burden of taxation on industry will increase by a staggering Rs 800 crores in direct taxes.

The withdrawal of investment allowance and the investment deposit scheme will have the effect of increasing the rates of income tax for such units from 16.2% to 43.2% (including surcharge) — a whopping rise of 27%. The budget will, therefore, not motivate the corporate sector to improve its performance. Even the amendment pertaining to inter-corporate dividend relief under s.80 M will leave companies worse off than before. For, if the dividend received by a company from another is not distributed by the former among its shareholders, the whole of such inter-corporate dividend will be liable to tax as the present relief of 60% stands withdrawn.

While the budget may be 'politically seductive,' on the economic front the finance minister has not done as well

This budget is not savings-oriented either. The benefits of s.80 C, which is to be deleted, are being introduced in a different form by a new s.88 which seeks to give the rebate directly from tax at the rate of 20% on such savings, subject to a maximum of Rs 10,000 per annum. In other words, there is virtually no additional incentive for saving, but the upper income group will have to save Rs 10,000 more to get the same benefit they are enjoying now.

Likewise, the equity linked savings scheme is not an additional benefit which will be available to investors on the stockmarket, because this scheme is meant to replace the present deduction under s.80 CC which is given for investment in the shares of new companies.

While the finance minister has paid lip service to the need for promoting exports, no further benefit has been given except for reducing the customs duty on imported capital goods to 25%.On the other hand, the Finance Bill seeks to treat as revenue the cash compensatory assistance, export subsidies and duty drawback received by exporters. This amendment will supersede several court decisions in which it was held that such amounts are capital receipts and hence outside the purview of taxation. All these amendments have been made retrospectively and the old assessments of exporters will be reopened.

Similarly, while the finance minister has acknowledged the contributions of non-resident Indians (NRI) in bolstering the foreign exchange resources of the country, no new measures have been introduced to encourage NRI investments. With the abolition of the Gold Control Act, the least that the government can do is to permit NRIs to legally import gold subject to a reasonable levy of customs duty. This will also discourage gold smuggling and prices in the domestic market will come down.

The finance minister is on the right track when he suggests that black money and unaccounted wealth could be channelised to productive uses by permitting small scale agro-based units to be set up in rural areas. The scheme for unearthing black money by the construction of new houses in rural areas and for slum clearance is also to be welcomed, though details are still to be provided.

The revamping of the gift tax law is only of a cosmetic nature and will have no effect on tax collection. In fact, this law needs to be repealed considering the fact that only Rs 9 crores are collected by the exchequer.

On the indirect tax front, the finance minister has merely made cosmetic changes depending on his own preferences. He has shown himself to be a "killjoy" by increasing the excise duty on icecream. On the other hand, he has exempted pickles, which are bad for the health of the people. While increasing the excise duty on airconditioners and refrigerators, he has failed to appreciate that refrigerators are not a luxury, but a necessity in a hot and humid country like India for the preservation of food.

While the rates of income-tax on individuals have not been increased, the effective burden of tax on businessmen has gone up with the withdrawal of the investment allowance and the investment deposit scheme. If the reduction in corporate tax rates can be justified on the ground that investment allowance and the investment deposit scheme have been withdrawn, why should there not be a similar reduction in the rates of tax on the profits of businesses which are carried on by sole proprietors, partnership firms, Hindu undivided families and associations of persons?

Such business entities will now be worse off than limited companies. To remove this discrimination, it is imperative that income tax at the personal level should also be reduced to 40%.

To sum up, the budget proposals will in no way solve the problems of inflation, declining industrial growth and rise in poverty among the masses. While the finance minister may have succeeded in making his budget proposals politically seductive, he will unfortunately not go down in history as a man who laid the foundation for a strong industrial India at the turn of this century.

■ *H.P. Ranina*
The author is a Bombay-based advocate.

CALCUTTA, Mar. 26 '90

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Business Standard

COPING WITH HIGH-TECH

Hi-tech is high priority these days. The corporate plans of many Indian companies now actively explore opportunities for future investment in high-technology operations. Several of these new areas involve new technology e.g. bio-technology, micro-computing, oil exploration technology, solar energy generation, microprocessor-based machine tools etc. In most cases, these are greenfield operations for the company.

Since the parent group's product lines are likely to be traditional, and possibly in the low to medium technology-based areas, the top managers are often unable to provide the required organisational leadership to the new unit's team. These teams are usually almost entirely composed of scientists and technocrats recruited and inducted for the new high-technology operations. The inability of the current management to provide such direction or leadership arises not only on account of their unfamiliarity with the new technology but also because of the lack of experience in the new area. The net result, therefore, is that the corporate management task is seen in terms of arranging the collaboration, providing the funds for the limited scale manufacture of the new product and making available money for exploration of markets for the new product.

The new team — often hired on an "off-the-shelf" basis — is charged with the responsibility of putting the high-technology based product group operations on its feet as a viable business enterprise. The team is often not sure what its relative corporate status (and, therefore, managerial clout) is in the total scheme of operations of the group. The members are, therefore, often alienated by their inability to develop ongoing links with the management of mainstream operations.

Managing high-technology diversifications needs a different culture. Existing companies have a lot of problems adapting to it

The problem is further compounded by the fact that in many of these projects, there is considerable developmental work which requires to be undertaken before the operations stabilise. Such developmental work relates to identifying prospective buyers, ensuring buyer acceptance, making initial production runs (and debugging production problems), identifying vendors for input materials, recruiting technical staff for production and marketing etc. All these developmental efforts are in addition to the normal timespan for physically implementing the project.

The net result of all this is that the new project requires a great deal of funding by way of capital expenditure, process stabilisation, market development and, of course, current operational expenditure without revenue generation. It is at this time that the person in the corporate management group who is given the responsibility of overseeing the implementation of the high-tech project runs into rough weather. His colleagues in the top corporate management often begin to raise doubts on whether it was appropriate to go into the new technology.

This viewpoint is further supplemented by general managers heading the existing profit centres who begin to raise questions relating to the wisdom of going in for a project which "devours" the profits generated by their existing operations. It is at this time that the corporate management often starts thinking in terms of greater management control of the new high-technology operations, leading to financial and other curbs.

The *Financial Times* of London's 1 March 1990 issue carried a review of the book *Celltech: The First Ten Years of a Biotechnology Company* by Marg Dodgson of the Science Policy Research Unit, Sussex University. Celltech is reckoned to be Europe's leading biotechnology company and ranks as one of the world's top 12 companies in this field. Yet Dodgson comes to the conclusion that at the age of 10, there are question marks whether Celltech is a success. In his view, it cannot be considered successful if judged simply by profitability and it has little chance of making substantial profits for some years. However, it is worth 10 times the initial investment and is considered to be technologically one of the very best biotechnology-based enterprises in the world.

In analysing the problems of Celltech, Dodgson comes to the conclusion that many people were far too optimistic about how long it would take to attain success.

It is, therefore, appropriate to highlight a few organisational considerations which can shorten this period of development.

The first and foremost is the clear understanding that high-technology operations are culturally different from established companies with mature products which currently need very little cash input.

To put it across in the Boston Consulting Group language, the "question mark" or "star" products requiring a great deal of fund input in the short and medium terms rarely find a proper cultural fit with sponsoring companies whose current product lines are "cash cows" or "dogs." This is particularly the case with corporate managements which measure performance of units by profit, return on net worth or cash flow.

It is, therefore, clear that in order to avoid such cultural mismatch, high-technology projects must be given an identity and environment which is not hamstrung by the short-term performance pressures which characterise the operations relating to mature products. It is also imperative to set them up as separate corporate entities with a corporate management structure which emphasises development and exploration by investing in technology rather than short-term results. Since the equity funding of such companies is derived from established companies, it is necessary to make sure that such investments are

made after the careful determination of the gestation period which is invariably required in such cases.

Fortunately, a number of venture capital companies are now willing to provide equity funding support and share the risks in such ventures. Technology Development & Investment Credit Institution of India (TDICI), the venture capital subsidiary of the Industrial Credit & Investment Corporation of India (ICICI) is currently providing considerable support in this area. SBI Capital Markets and now Canara Bank are also willing to provide substantial funds for such high-technology projects. The catch is that all these venture capital firms would like to realise their capital gains after the project has become viable and profit earning leading to a situation whereby external investors have to buy the shares of the venture from capital institutions and enter the existing management stream. The alternative, of course, is for the original sponsor group to buy back the equity at the appropriate economic price from the venture capital firm when the project becomes viable.

It is, however, unlikely that this will provide a long-term mechanism for funding high-technology projects for business groups which are already profitable (as compared to "first-time" high-technology based entrepreneurs). Business houses are beginning to explore the concept of an in-house venture capital company which draws funds from constituent member-companies of the group and provides equity funding to such new ventures. However, the current guidelines of the finance ministry do not extend the tax advantages accruing to venture capital firms to such internal venture capital outfits. This is an anomaly which needs to be quickly corrected if investments in high-risk high-technology projects are to be made in adequate measure. Having an internal venture capital company within an industrial group is not a maverick concept if one accepts the fact that today's "cash cows" are tomorrow's "dogs" and, therefore, today's "stars" and "question marks" must be nurtured if the group's future growth, profitability and returns are to be ensured. It is for this reason that the profit-making companies or divisions within the company must set apart a portion of their retained earnings and channel it to the high-technology based ventures through an internal or in-house venture capital firm.

Profit-making companies must set apart a portion of their retained earnings for future high-technology based ventures

Structurally, if the new project is set up as a separate company — to ensure its distinctive managerial-cultural identity — it is necessary to ensure that the new project's top management structure represents a blend of business managers from the existing group as also representatives from the world of technology. An important method for getting the support of the newly-inducted scientists and technocrats is to provide them with managerial roles which provide opportunities for product planning, product marketing and sales development, choice of technology, resource allocation etc.

In the initial stage of project implementation, it is extremely important to have a managerial setup distinct from the project construction and implementation activities. This setup should be responsible not only for technology induction but also for the future operations of the new project. This involves rubbing shoulders with the collaborators and ensuring that the personnel who will be involved with the production, marketing and R&D operations have sustained exposure to similar operations elsewhere. It is also important to insist on proper engineering and process documentation so that the assimilation of the technology is not confined to the initial group of people who set up the project. Another task of this group would be equipment selection — both from foreign and Indian vendors.

EARMARKING FUNDS

After the project has made enough progress, it is necessary to earmark funds and managerial responsibility for material and component sourcing, and market and sales development (including seeding operations). The setup relating to vendor development for materials should have the responsibility for identifying currently existing sources of materials and components for the new project.

There is high probability that some of the materials and components will not be available and work must be initiated with local vendors who have the required capabilities to manufacture such material and components. In relation to the marketing and sales development setup, the important thing would be to initiate a seeding operation based on the imported products from the collaborator or items assembled in India from material supplied by collaborators supplemented by locally produced components. This will require considerable application engineering and product development skills (to modify the product to suit the prospective buyer needs). It would also be necessary at this point of time to develop the after sales servicing structure.

High-technology products require continuous effort to keep them in line with technological developments. Thus, the R&D department has to work hand in hand with the marketing department to constantly introduce new products in line with market needs.

In addition to all this, a department contributing a lot will be a product planning and costing department which should provide the required support to the production and marketing departments in terms of ensuring that pricing and cost effectiveness are in line with the requirements of continuing success. Finally, after the project has been launched and stabilised, the need for indigenisation will arise. The off-loading of imported materials and components will need the creation of a separate department charged with the responsibility of development of ancillaries and provisions of support to their operations.

The organisational considerations outlined here will require to be supported by a set of management systems which will be explored in a subsequent article.

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TERMING THE RIGHT RATE

The all-India financial institutions (FIs) are all set to hike the interest rate on their term lending by a percentage point from 14% to 15%, with only the final and formal nod awaited from the finance ministry. It is not so much the increase that should come in for criticism. The main objection is the fact that it is going to be an across-the-board hike affecting all borrowers, at a time when interest rate differentiation on the basis of creditworthiness has become an accepted practice in India.

The increase comes at the end of a process which makes the decade of the nineties — or at least the first part of it — an era of high-cost funds for corporate entities in the private, joint and public sectors. With banks having increased the interest rates on both working capital finance (from October 1988) and on term loans recently, the FIs too were expected to follow suit. In fact, the institutions are already squeezing out more from the corporate sector while accepting private placement of non-convertible debentures (NCDs) by demanding and getting a yield of nearly 16%.

Earlier, they were getting a yield of 15% or thereabouts by using the discounting mechanism while accepting 14% NCDs from companies as private placements. Since the NCD is a dead instrument as far as the ordinary investor is concerned, the banks, their merchant banking subsidiaries and the financial institutions got their pound of flesh.

RBI's spur. The spur to the increase in bank lending rates came when the Reserve Bank of India (RBI) allowed them "flexibility" as part of its deregulation of the financial sector. The RBI fixed a minimum rate and allowed the banks to charge extra where the circumstances demanded or allowed it.

The RBI first permitted this flexibility in the 1988-89 busy season credit policy when it fixed a minimum of 16% for working capital finance. The banks responded well by fixing a range of interest rates from 16-17.5%, with companies that manage their finances more efficiently getting finer interest rates. Non-priority industries and traders naturally were charged higher rates than the best corporate customers. The efficiency was judged on the basis of a credit rating system evolved by the banks themselves.

In the busy season credit policy for 1989-90, the RBI extended the principle of flexibility to term loans given by banks which followed the same method as in working capital loans. The principle of linking financial strength to lower cost of funds is being successfully applied in the Crisil ratings for different instruments like NCDs, fixed deposits and commercial paper.

> **Instead of going for an across-the-board hike in interest rates for term loans as proposed, financial institutions would do better in fixing a graded system of rates**

Thus, the culture in the financial market now is one of differentiation on the basis of efficiency of operations, judged using a set of non-partisan parameters. This being so, the question is why the all-India FIs, which are the biggest purveyors of finance to industry, cannot follow the same principle? Why should they be allowed an across-the-board increase which hurts the efficient and the poorly-managed alike?

The institutions do appear to have a case for an increase considering that their lending rate has been fixed at 14% for several years while their cost of funds has been inching towards that figure steadily. If administrative costs and other overheads are added, the margins do become quite thin.

Pressing the panic button. In fact, the chief executive of one of the all-India financial institutions remarked recently: "If this goes on without an increase in lending rates, the FIs will become sick in a couple of years down the line." We can grant him his case, though it may seem as if the FIs are pressing the panic button too early. The more valid complaint from industry would be that the institutions too should have a band of interest rates, say from 14-15.5% with half percentage point halts on the way. Borrowers with the best credit rating would get term loans at 14% with the interest rate going up with a deterioration in the credit worthiness.

The FIs naturally would have the expertise to do this credit rating themselves, just as banks have been doing since early 1989. In fact, they could consider for their own use the parameters utilised by banks for their term loan credit-rating exercises.

The FIs could of course add their own parameters, depending on their requirements. They could work out a scoring system giving points for efficiency and safety with regard to each of the parameters and give the best rates to companies which score the highest number of points and move higher up the interest scale as the number of points decreases.

Such a system has to be worked out by the institutions for several reasons. They would be out of tune with the times if they continue with fixed rates and go for an across-the-board increase; they may see a fall in new business if they don't act in tune with the rest of the financial system; in any case, the convertibility clause is a dampener to heavy borrowing from them, and companies may well go to the banks for their term loans to avoid this danger.

Further, banks are reportedly planning to keep their term loan rates a percentage point higher than that charged by the institutions. If the institutions go for a single, across-the-board hike, the banks will also raise their rates at each stage in the band by a percentage point. That would again raise the cost of project finance which cannot be good for the economy. If the institutions also have a graded system starting with 14%, banks will have no excuse to increase their term-lending rates once again.

■ *R. Vijayaraghavan*

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BOB FISCAL (1988-90) RIP

It wasn't a major surprise. Last month, when the Union finance ministry directed Bank of Baroda (BoB) to wind up BoB Fiscal Services, its 100% owned merchant banking outfit, it didn't exactly come as a bolt from the blue. With the new government in place in New Delhi, BoB Fiscal had it coming anyway.

The only surprise was that the axe came so long after the countdown began. Shortly after the Lok Sabha elections, when BoB's (as well as BoB Fiscal's) chairman Premjit Singh was asked 'to go on leave' (officialese for giving someone the sack), it was clear that the actions of BoB Fiscal would be put under the microscope. In particular, its role in the murky takeover of Larsen & Toubro (L&T) by the intrepid Dhirubhai Ambani (see *BusinessWorld*, cover story, 17-30 January 1990).


DANDAVATE'S FIRM ON FAIR PLAY

No simple deal. For the record, the sordid BoB Fiscal-L&T tale goes back to mid-1988, when in a smooth deal four financial institutions, Unit Trust of India, Industrial Development Bank of India, Life Insurance Corp. and General Insurance Corp., hived off a chunk of L&T shares to BoB Fiscal. But as the tale unfurled, it was clear that this was no simple deal. And the real buyer of the prized chunk of shares was none less than Ambani, who'd used the BoB merchant banking outfit as a convenient conduit. The rest is history. BoB Fiscal acted as Ambani's friendly neighbourhood broker, passing on the shares to enable Ambani to take over the reins at L&T.

But to say that BoB Fiscal was helpful to the Ambanis on L&T alone would be a half-truth. For the merchant bank had lent its veil even earlier. Take Dunlop, for instance in which the Ambanis acquired a sizeable stake a couple of years back. The dealmaker then was again BoB Fiscal.

On the face of it, such risky involvement by a public sector outfit in private deals seems startling. But given the Ambanis' power equation with the former Union government, the risks were small. And BoB Fiscal wasn't the only bank willing to play ball. Canbank Financial Services (Canfina) was one of the others. It had offered a 'safety net' (buyback guarantee) for Ambani's Reliance Petrochemicals' debentures and had stuck its neck out in the process. Indeed, things came to a head when the Reserve Bank of India rapped Canfina's knuckles and outlawed all buyback activities by merchant banking subsidiaries.

More than a lifeline. But l'affaire BoB Fiscal involved something more than merely offering a lifeline to friendly industrialists, leading the government to actually order the winding up of operations. And though new BoB chairman A.C. Shah was unavailable for comment, the bank's board has complied with the finance ministry's diktat.

The shortlived story of BoB Fiscal (inception: 1988) has perhaps a lesson in it. And nothing makes it more clear than what finance minister Madhu Dandavate himself said recently when he asked banks and financial institutions to not only "make their actions in the capital market objective but also make them seem to be so." With the axe falling on BoB Fiscal's head, the government has proved its bonafides, but one tantalising question continues to dangle above the heads of other financial institutional heads: who's next after BoB Fiscal?

NEWS BRIEFS

- The RBI has been advised by the finance ministry to set up a committee to suggest measures for **upgrading the work culture of banks** and their operational ability.

- The **financial institutions** have been asked by the finance minister to frame **guidelines** on their participation in the capital market to ensure that their "actions are not only objective but seen to be so."

- The **Small Industries Development Bank of India**, a wholly-owned subsidiary of the IDBI, has been promoted to finance small-scale industries.

- The controller of capital issues has proposed that **merchant bankers** must **sign prospectuses** issued by companies for raising capital on the market.

- The Industrial Reconstruction Bank of India **(IRBI)** has changed its **financial pattern** from major investment in non-productive assets to productive assets. This is to arrest industrial sickness and help to revive sick units.

- The **Asian Development Bank's** lending rose to $3,624 million during 1989 compared to $3,146 million in 1988.

- The Industrial Development Bank of India will set up a **training centre** in Tripura to create a new class of entrepreneurs. The centre will cost Rs 70 lakhs.

- The United Commercial Bank **(Uco)** has sunk $3 million by way of **bad loans** to the London-based Cross Point Shipping Corporation, owned by the Ranjit Sethia group.

- The rate of interest of the **employees' provident fund** has been raised from 12% to 12.5% for the next year.

- **Canara Bank** was awarded the IMC 1989 Award for its contribution towards mobilisation of savings through mutual funds.

AN ELEMENT OF COMPETITION

The unorganised sector has been the bane of spark plug and automotive components manufacturers. Now, this sector seems to have spread its tentacles into the shares of engine nozzles and elements manufacturers. Though it's not time yet to press the panic button, topdog Mico, which claims to have a market share of 85% in nozzles and elements, has already begun its advertisement offensive against "spurious manufacturers" of reconditioned nozzles and elements. Mico is offering a "unique buyback scheme," under which its dealers will buy back worn out nozzles and elements from vehicle owners and destroy them completely by grinding and melting. All, of course, in front of the latter. The buyback prices are nominal at Rs 2 for an element and Rs 2.50 for a nozzle. "This is the only way of stopping the flow of used nozzles and elements to the spurious sector," says a senior sales official in Mico. Nozzles and elements are important parts of a diesel engine. Since they are highly tempered, they have a short life. Reconditioning the worn out elements and nozzles does not help much in increasing the life. On the contrary, they impair the engine.

The response to the Mico ads, which have been appearing for the past six months, has not been earthshaking. A company source says that the buyback scheme is "still not successful and not as per our expectations, particularly in the western region." But it has been encouraging in the southern and eastern regions, he adds. Quite a few Mico dealers in Bombay feel that this offer has not attracted good response at all.

Mico has earmarked some amount for the buyback scheme and hopes that at a later date the scheme will sound the deathknell for the unorganised sector. What it probably has not realised is in the open market the price offered for used nozzles and elements is almost five times its buyback prices. Sad luck!

AN ELEGANT LAUNCH

Venerated HMT, the public sector company, has woken up to the high voltage competition in the watch market. In a scenario marked by high decibel advertising by the Tata group's Titan Watches and the Hyderabad-based Allwyn, HMT has fired its first salvo. Dress watches. Aimed at the highest segment of the market for wristwatches, HMT has recently launched its Elegance range. And they cost a packet too. Prices range between Rs 1,200-3,500 for the dress watches which will be available in 20 models, with an emphasis on paired models.

Elegance, according to the company, is an effort to fill the vacuum perceived in the high priced quartz watch segment. Says executive director (watches) K.S. Gergan: "We plan to produce one lakh watches in the Elegance range." Use of an ultra thin 1.95 mm inner module gives the watches a sleek, smart look. Plus add-ons like integrated bracelets with individual links, gold, titanium and palladium plating.

But Elegance is just the beginning. The company plans to launch polyamide (plastic) watches too. Meanwhile, the public sector watchmaker has become marketsmart too. Faced with the daunting task of meeting sales targets before the financial year end, HMT hit upon the idea of a prize scheme ('The festival of time') which entitles a buyer of HMT watches to participate in a lucky draw. Prizes range from Maruti vans, VCRs, microwave ovens to VIP suitcases. Says general manager (watch marketing) M. Jagannath: "One of the reasons for the scheme was to meet sales targets, but we also launched it to coincide with the February-June marriage season." Makes sense. Specially because the watch market in India, like elsewhere, is seasonal.

PR NOCIL STYLE

What happens when your four-year-old expansion plans get bogged down and show no signs of taking off? When environmentalists and rivals in industry go hammer and tongs at your plans and a sluggish government takes its own sweet time to decide, what do you do? Counter it of course.

So when Nocil (National Organic Chemical Industries Ltd.) found its Rs 2,000 crore plans getting stymied it got into the act. PR Nocil style took over. Last month, Nocil roped in representatives from collaborators, Royal Dutch Shell Group, to do the thing for them. First, there was a presentation to media representatives and environmental activists about the safety angle in Shell plants worldwide. And then there was more. Shell's group managing director Henny de Ruiter flew in to India for a seven-day lobby trip. His mission: to meet heads of financial institutions, civil servants and prominent industrialists. And perhaps convince them about the Nocil project. Who says you need pros for PR?

ADULTS ONLY?

A candy for adults? Bakeman's Home Products, the Patiala-based company known more for its biscuits, has launched a premium ring shaped peppermint candy, Mint-O. Its twin objectives: combatting smuggled foreign brands and tapping the adult market. Positioned as a premium candy for adults, Mint-O comes in sleek packages with 16 tablets priced at Rs 2. While candies in any form can be sure winners among the kids, will Bakeman's pioneering venture get a lick from the grownups?

A CAVALIER VS. A MONK

It's sniping time again in booze world. This time Herbertsons, a United Breweries group company, has taken on Mohan Meakin. For the launch of its new Cavalier brand rum, Herbertsons has gone in for a head-on confrontation. The target is Mohan Meakin's time-tested Old Monk brand, arguably a leader in its class. Point of purchase advertising for Cavalier pulls no punches. "Would you rather be an old monk or a dashing cavalier?" they ask. And a series of POP posters play on the same theme. 'The Monk's confession,' says one headline and adds: 'The spirit is divine.' Another goes: 'The Monk's prayer. Give me this day my daily Cavalier.' And despite the straitjacket on liquor advertising, the POPs appear to have made a splash. For the Old Monk it's a rum do. Will the monk stir and take on the cavalier?

Meanwhile, liquor makers are on a spree once again. With the Monopolies & Restrictive Trade Practices Commission taking a lenient stand on liquor makers' press ads for 'other' products (using the same brandnames), they're gone on a binge. Jagatjit Industries' Binnie's Aristocrat takes the cake. In a recent ad showing a man relaxing with a glass of liquid and a plate of snacks, the copy goes thus: "Gathering darkness, a quiet evening together, an unspoken thought and it's time for cocktails.' A blatant violation of the ban on liquid ads? No sir!

There's an asterisk on cocktails and the footnote explains — 'Cocktail: A preparation of food, esp. as appetizer.' Talk about word play?

REPLACEMENT BONANZA

It seemed like it was a small company making a lot of advertising noise — and probably wasting its hard earned rupee. But still Indian Communications Network Ltd. (ICNL), the New Delhi-based office automation company, splurged and splashed its "Bulk manual replacement scheme" ads in the leading national papers. Goaded the ads: "Pull down those aging manual typewriters from their various nooks and crannies in your office ... computerise ... with the latest range of Network's computer-based electronic typewriters... you can get a full-fledged office model for as little as Rs 4,995."

And from initial reports the scheme seems to have caught on. Says Deepak Maira, ICNL's marketing manager, "We've got a fantastic response ... nearly 3,500 enquiries and 40-50% of these have been converted into sales. And three-four units have been realised, on an average, per conversion." According to Mehra, what helped the scheme get off the ground were the fears of the imposts that the budget was expected to impose on the electronics sector. And of course, there's the year ending factor and the depreciation advantage.

Surprisingly, Godrej, the kingpin in this arena, kept mum while all this was going on. Considering that it was the pioneer of the replacement concept, one expected some sort of action from it. But hasn't one heard that when the giants sleep, the little ones make merry?

YEAR-END NUMBERS GAME

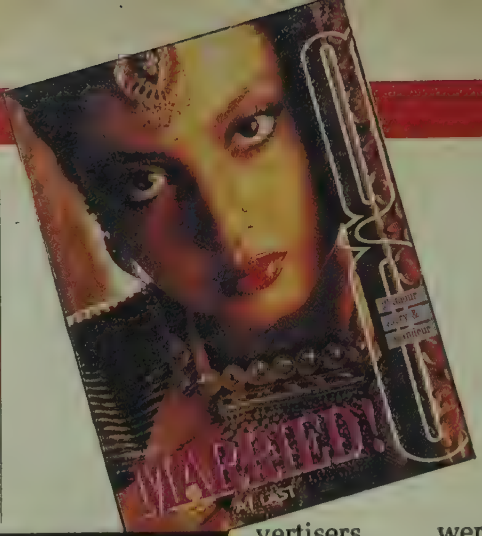
It's a numbers game. And everybody's playing it. In the 10-day run-up to the 31 March D-Day, a glut of ads hit the newspapers. Primarily computer ads, they were of three kinds: offering savings of 33.33%, 100% and 133.33%, cashing in on two ingredients — the government's decision to scrap the investment deposit scheme under s.32AB of the Income Tax Act and the usual depreciation benefits.

The 33.33% variety harps on the much trodden theme of reaping depreciation benefits by buying consumer durables. But the 100% variety is a breed apart. And at least one computer company has turned alarmist here. An ad from HCL screams: "Computers to cost 100% more from 1 April." And the reason (in smaller print, of course): since the government is scrapping s.32AB, buyers can't claim 100% of their investment as deduction from taxable incomes. So hurry up and buy your PCs before March-end.

But the most enterprising of them all has been diesel genset manufacturer, Kirloskar. It has added up the two benefits and talked about a whopping saving of 133.33%. So which option do you choose? Cutting through the numeric confusion, Essen Computers provides some help. Its ads not only spell out the benefits of bagging a buy before 31 March, but they also provide detailed breakups to drive home the message.

JEE'S A WINNER

The Kotaks of the Chitralekha group of publications believe in sticking so close to the knitting that they haven't dropped a stitch yet. In fact, when they decided to launch a series of *Jee* magazines, they even invented their own marketing strategies. Niche was the keyword.



The first *Jee* magazine appeared in Gujarati, over 30 years ago in 1958. Founded by the late Vaju Kotak, the first print run was for a modest 5,000 copies. But by the second half of 1989, Gujarati *Jee* had taken a quantum jump into the ABC circulation list with a 1 lakh-plus circulation figure.

This fired bigger ambitions. The result: another niche. The Marathi *Jee*, a translated version of its stablemate hit the stands in 1988. "With almost no initial cost, we made an entry into the low-circulation Marathi magazine market," recalls Bharat Kapadia, a partner of the Chitralekha group. If the magazine cloned its Gujarati predecessor, it also cloned the former's roaring success. In three months, the print order touched 50,000. "The turning point, however, was our seventh issue (July 1988)," says Kapadia. That was a coup. Because the group's canny marketing skills made it a special 'Ramayan' issue which was "perfectly timed with the episode featuring Ravana's killing."

Religion has been a recurring factor in *Jee's* marketing efforts. "At every Ram and Hanuman mandir, we distributed pamphlets highlighting the special issue," says Kapadia. And when the cards were called in, the results were staggering. That single issue had to be reprinted five times and circulation touched a whopping 1,46,000. "With this, we consolidated our position and never looked back," says Kapadia. In July-December 1989, the Marathi *Jee's* circulation averaged 66,429.

While the readers were wooed, advertisers were lured. And the plan was simple. Direct mail. A Maharashtrian cloth cap with the inscription: "One Maharashtrian leader reveals all about another," was mailed to all leading ad agencies. Inside was a black card which said: *"Loksatta's* in-depth report on *Jee."* (*Loksatta* is a leading Marathi newspaper and it had featured a full pager on *Jee*.) And apart from a Communications Art Guild award, the direct mailer no doubt raked in the moolah.

The next step was predictable, perhaps. English. And not just that. But a film magazine. "We were aware that there were 10 English film magazines in the market and we didn't want a me-too product," explains Kapadia. So *Jee's* latest launch, *g*, came as a visually appealing, oversized magazine which hit the stands in January 1989. Kapadia has an explanation for *g's* cumbersome size. Quips he: "The large size helps even the 10th car from the signal to spot it." According to him, traffic point sales are the highest for *g*. And why not? For *g's* anniversary issue, film star Anil Kapoor was roped in to autograph issues at retail points. That's marketing, *Jee* style for you!

YOLKING THE EGG EATERS

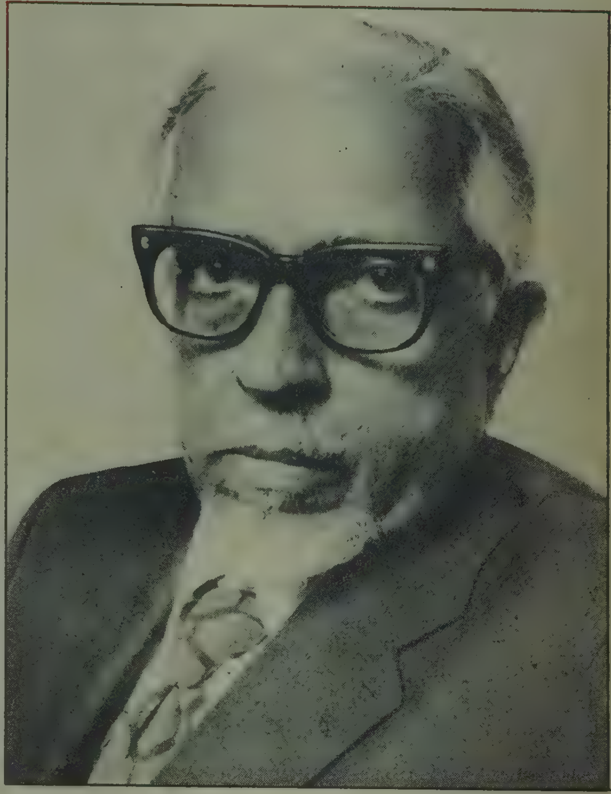
It hasn't reached the proportions of a blitz as yet, but it's gathering momentum nevertheless. The anti-egg campaign exhorting people to keep away from eggs. Started by a Rajkot-based vociferous association which calls itself the Jain Yuva Group (JYG), the campaign has taken on the concerted efforts by the National Egg Coordination Committee (NECC) which is striving to make eggs popular. Head on.

It began with articles in Gujarati magazines, which crusaded against the consumption of eggs. Eggs, the refrain went, were bad for health. And the arguments advanced were varied. Shirley Temple doesn't eat eggs, said one, neither does Maneka Gandhi. Nor does wrestling champion Naresh Kumar. That wasn't all. Theories were cited and 'authorities' quoted to bolster a case against eggs. Sample a few: last year's outbreak of the salmonella infection in Europe, 'unhygienic conditions' in poultries and, of course, the very act of 'killing' an unborn chicken when eggs are consumed.

And soon, the campaign spread. Posters in English began appearing in cities, particularly in Bombay, Ahmedabad, Rajkot and Baroda. "Eggs cause cancer," "I hate eggs," "Eggs are poison," they screamed. Ads in the vernacular press also began appearing. The main concern: increasing numbers of Jain youths were taking to eating eggs. And JYG had taken up the cudgels to combat that.

If the ad spurt and the campaign was frivolous and shortlived one could have dismissed it. But the crunch was that it worked. Four months back, a representation was made by JYG to the consultative committee of the ministry of information. And the result? NECC's spanking new TV documentary on eggs was scuttled. That may have been a small win for JYG, but it's caused alarm at NECC. And the bigwigs at the committee are gearing up to counter the attack. To avoid egg on its face?

CLARION CAPERS



POTLA SEN LEAVES THE QUESTION OPEN

It's like the popular song about the saints going marching in — and then marching out. For the third time in about four years, the board of Clarion Advertising Services (1989-90 capitalised billings: Rs 34 crores) has sacked a president whom it had earlier wooed, won and installed in office. After Tara Sinha and Chris Passanah, last month it was Amit Sen Gupta's turn to be turfed out without so much as a farewell (see box, p.23). "This company seems to have a death wish," muses a stunned senior executive.

The bizarre sequence of events caught all Clarionites totally by surprise. The members of the company's wholly non-executive board headed by chairman N.P. 'Potla' Sen had not only played their cards close to their chests but had even cleverly done their homework in advance: they had a successor (Ashish Mitra of Ogilvy & Mather, Bombay) waiting in the wings.

AN OPINIONATED LOT

Insiders interpret this as a tactical victory for Clarion's unionised staff-cum-shareholders led by union leader Badal Das Gupta, who is employed as a media assistant at the Calcutta head office. Although the unionists own 45% of Clarion's Rs 10 lakh equity capital and are ostensibly not in an absolute majority, the reality on the ground is that Das Gupta enjoys additional proxy support from the promotee supervisory cadres. For all practical purposes, therefore, the unionists command a controlling stake.

Against this backdrop, Clarion's board — on which sit luminaries like film buff Chidananda Dasgupta, technocrat S.M. Patil, finance whizkid Abhijit Sen and lawyer Sudipto Sarkar — is permanently perched on a tightrope. On the one hand, it cannot ignore the unionists' viewpoint; and, indeed, they are an opinionated lot. On the other, the board cannot allow professional standards to decline or the wellsprings of creativity to dry up.

When Sen Gupta joined in February 1989, he had preferred to stay off the board to insulate himself from overt shareholder pressure. The theory was that the board would interact with the shareholders on policy aspects, leaving the reins of day-to-day management free in his hands.

Events have shown that this theory did not work out in practice. The unionists have been loth to give up their traditional 'right' to 'advise' management on operational matters, including senior managerial promotions and transfers. Matters came to a head in early January, when Sen Gupta decided not to put up with further interference by the union in areas he considered to be his own bailiwick. On 8 January, he resigned.

Apparently, this triggered off a flurry of soul-searching, because plans were quickly firmed up to change the ownership structure. It was proposed to increase Clarion's capital base from Rs 10 lakhs to Rs 25 lakhs: additional tranches of Rs 5 lakhs each would be lodged respectively by a yet-to-be-identified overseas agency, the company's managerial cadre and existing shareholders. However, the latter lot would be kept in a beneficiary trust to be administered by the board and would not enjoy voting rights. In essence, the gameplan was to clip the union's wings by reducing its equity control to a definite minority.

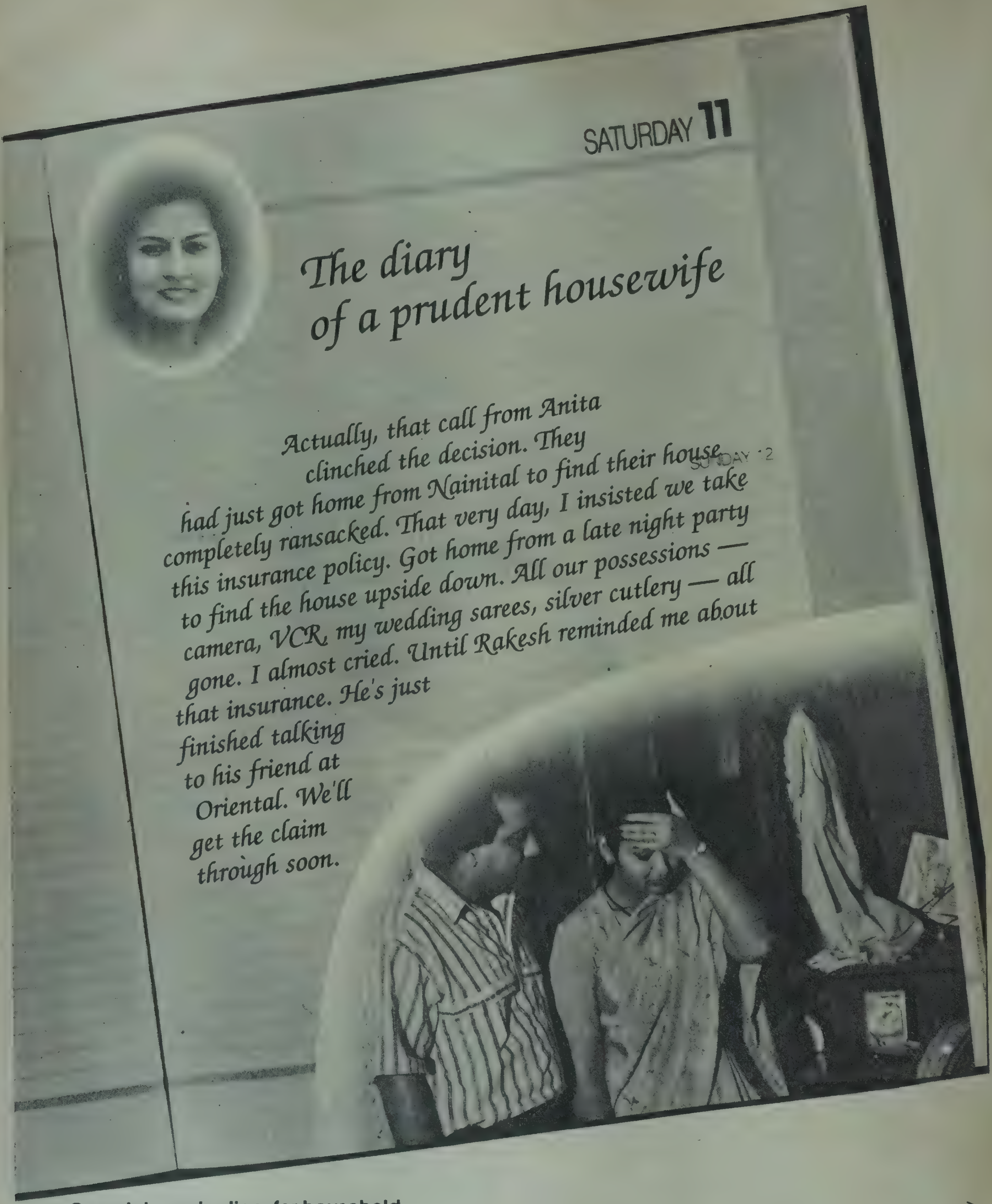
FINE TUNING

At its February meeting, the board spent some time finetuning the details. It also decided to sew up the equity restructuring plan at its next meeting on 10 March. Sen Gupta says that since his proposal to alter the ownership structure had been accepted, the "understanding" was that he would continue. Then why the board's volte face? Says Sen Gupta: "The only interpretation I can give to this is that the board is either backtracking in its decision to change the structure, or feels that after changing the structure, it would not be worthwhile for me to continue."

Not surprisingly, the board's abrupt decision to sack Sen Gupta has caused not a little consternation in Clarion's managerial ranks. One manager curiously describes the situation as being one of "controlled panic." Several executives have put in their papers. The general view is that leaving the company headless at the time of its March-end closing is inexplicable, given its severe cash crunch.

The dimensions of the latter are staggering. Both Doordarshan and the Indian Newspaper Society (INS) have threatened to withdraw

Clarion is at the crossroads. Its finances have gone awry and it has lost yet another chief executive



Complete protection for household belongings. Against occurrences like Fire, Theft, and Burglary. All Risk cover for jewellery and other valuables under the same Policy. Electrical/electronic items also covered against electrical/mechanical breakdown or damage. Loss of personal baggage, when travelling, also covered.

ORIENTAL INSURANCE

(A Subsidiary of General Insurance Corporation of India)
Oriental House, A-25/27, Asaf Ali Road,
New Delhi-110 002.

Householder's Insurance. From Oriental.

Advtg. Integrated/OIC/1990

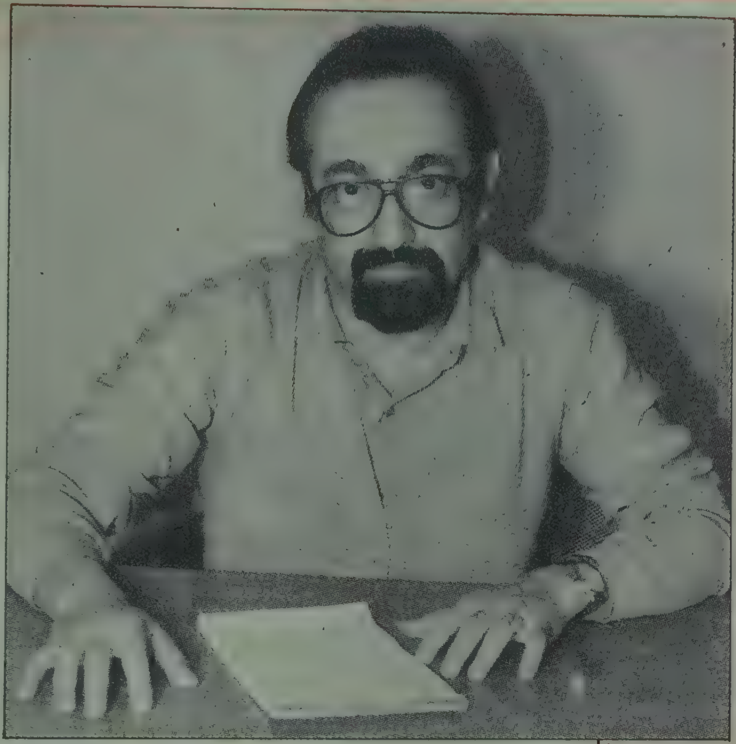
Clarion's accreditation because its accumulated dues have snowballed to estimated levels of Rs 60 lakhs and Rs 45 lakhs (for local payments in Calcutta only) respectively. Before March-end, the company's overdraft limit of Rs 35 lakhs with ANZ Grindlays Bank had been crossed as well, with the debit balance peaking at around Rs 50 lakhs.

At the time of writing (26 March), it is reliably learnt that Clarion has been forced to take intercorporate loans from clients like Bata and Godrej to help tide over the crisis of not even having the liquidity to pay its statutory dues. An urgent attempt to settle its Rs 61 lakhs claim from Indodan (makers of Gold Cafe), a matter currently under litigation, is also reportedly being made.

VULNERABILITY

Incidentally, this also underscores an essential vulnerability: over two-thirds of Clarion's revenue comes from a handful of corporate clients, among which are Bata, Godrej, Tomco and ITC. Only in January, Clarion lost a prize Rs 2.5 crore account in Procter & Gamble (India) simultaneously with the termination of the DMB&B (D'arcy Massius Benton & Bowles of New York) association. (One opinion is that the termination was unilateral, at DMB&B's behest.)

Clearly, the "great professional challenge" bravely taken up by Ashish Mitra, who assumes charge of the beleagured company by mid-April, scarcely warrants underestimation. How long will he last? Chairman Potla Sen, who has seen several chief executives come and go, refuses to be drawn out into an argument. "It's an open question. I can say that he will stay on and on for ever and ever till he is 95 years old. Will that help you?" went Sen's frosty reply to *BusinessWorld*. Sen refused further comment on last month's happenings.



On his part, Amit Sen Gupta — the hapless recipient of Sen's right royal raspberry — puts on a brave face: "Apart from feeling terribly used and soiled, I do not leave Clarion with any rancour."

The paradox is that some view Sen Gupta's exit from Clarion as his lucky break. These pessimists predict that since the basic issue of reining in unionist shareholders' backseat driving remains unresolved, Clarion's unique problems will continue irrespective of personalities.

One point of view is that Badal Das Gupta, as representative of the controlling interest, ought to rightfully claim the position of chairman and/or managing director of the company. Whether this will be acceptable to the industry, of course, is a separate matter. Another distinct possibility is of a financier (Ambani? Peerless?) agreeing to bail Clarion out of its financial mess, and gaining management control in return.

Clarion's rack is agonisingly summed up by its seniormost vice-president Sarbajit Ray: "We've still got to learn a lot — not about advertising but about how to manage our own business." Sadly, rack and ruin is almost bound to follow if they don't.

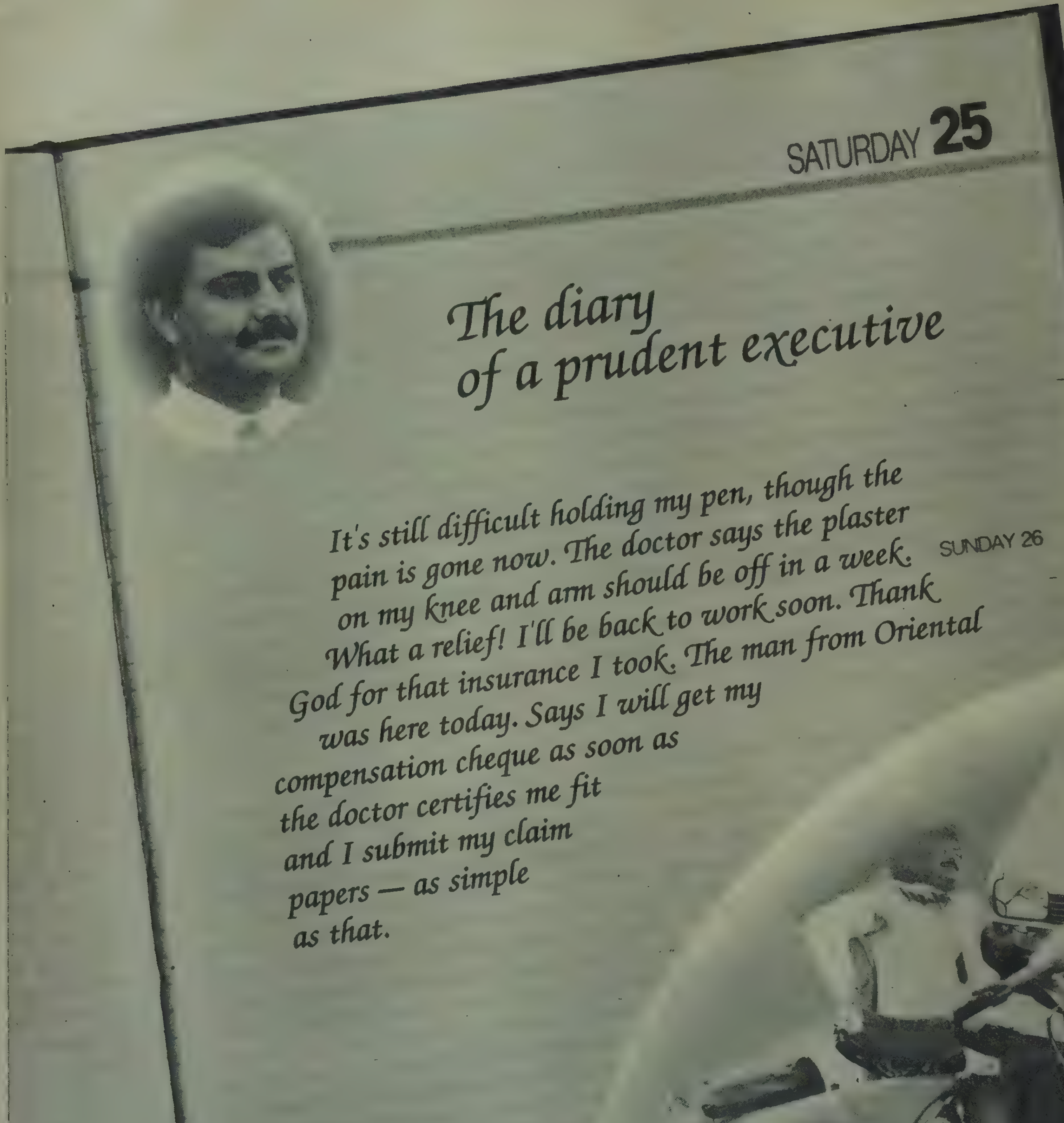
■ *Sujoy Gupta*

Apart from feeling terribly used and soiled, I do not leave Clarion with any rancour

Amit Sen Gupta
Ex-CEO, Clarion

CLARION'S INS AND OUTS

Year	IN	OUT
1979	Subroto Sen Gupta, as chief executive officer (CEO)	Prasanta Sanyal, as managing director, after a fratricidal court battle
1980	—	Dilip Sen, broke off to form ACIL (now defunct)
1984	Tara Sinha, recalled from the US and installed as CEO	Subroto Sen Gupta (now an advisor) & Chris Passanah, who opted for the green pastures of Australia
1985	—	Tara Sinha suddenly sacked
1986	Chris Passanah, recalled from Australia and installed as CEO	—
1988	—	Chris Passanah sacked
1989	Amit Sen Gupta, recalled from Shaw Wallace and installed as CEO	Sudhir Lal, broke off to form Megacorp
1990	Ashish Mitra of O&M invited to join as CEO	Amit Sen Gupta sacked



Cover available for entire family.
Compensation provided in case of an unfortunate accident, causing injury, disablement or death. Premium depends on occupation, ranging from Rs. 200/- to Rs. 300/- for cover worth Rs. 1 lakh.

ORIENTAL INSURANCE
(A Subsidiary of General Insurance Corporation of India)
Oriental House, A-25/27, Asaf Ali Road,
New Delhi-110 002.

Personal Accident Insurance. From Oriental.

Advtg. Integrated/OIC/209

FIBRE PROJECTS

This is the concluding article on new projects in the manmade fibres sector. It will discuss projects in polyester staple fibre (PSF), viscose fibre, spandex fibres and carbon fibre and high-wet modulus cellulosic fibres. The following are the major viscose fibre projects in the works.

■ Andhra Pradesh Rayons Ltd., (APRL) a Thapar group company, is drawing up plans to set up a plant in two phases for producing viscose staple fibre (VSF) at Kamalapuram in Andhra Pradesh's Warangal district. The first phase calls for setting up a capacity of 13,500 tonnes per annum (tpa) with an investment of Rs 75 crores. The second phase proposes raising the capacity to 21,000 tpa. APRL has signed an agreement with Grasim Industries Ltd. to obtain knowhow as well as plant and machinery for the project. As of early 1990, the company had not yet received a letter of intent.

■ South India Viscose is in the process of expanding its VSF capacity from the existing 10,000 tpa to 18,000 tpa as part of its overall modernisation and expansion programme. The company's plant at Sirumugai near Coimbatore (Tamil Nadu) is being expanded at a cost of Rs 30 crores. The project may be completed during 1991.

Several companies have chalked up plans to manufacture synthetic fibres such as PSF, viscose fibres, spandex fibres etc.

Over the past few years, a lot of interest has been generated in the west for spandex elastomeric yarn, a versatile fibre used in the manufacture of stretch fabrics.

■ Petrofils Cooperative Ltd. is setting up a 300 tpa facility for producing spandex fibre at Naldhari village near Bharuch (Gujarat). Estimated to cost Rs 50 crores, the knowhow is to come from two Japanese companies, Marubeni Corp. and Toyobo. Petrofils received an industrial licence for the project in May 1989 and, according to current expectations, the project will be operational by mid-1992.

■ The Himachal Pradesh State Industrial Development Corporation Ltd. (HPSIDC) had received a letter of intent for setting up a 600 tpa spandex yarn project in December 1985. It had even tied up with Ballarpur Industries Ltd. to implement the project with DuPont technology. However, the joint venture fell through and HPSIDC is now reportedly looking for another private sector co-promoter. No headway had been made till end-1989.

■ Thapar DuPont Spandex Ltd., a joint venture between Ballarpur Industries and DuPont Inc., USA, is planning to manufacture spandex fibre and yarn. (The Thapar project was originally planned in association with HPSIDC.) Offers from indigenous manufacturers for the supply of plant and machinery for an 800 tpa project were sought through an advertisement in March 1989 and the company has applied for a letter of intent. Till January 1990, the necessary clearance had not been obtained.

■ Steel Strips Ltd., a Chandigarh-based metallurgical company that's now diversifying into acrylic fibre, had also mooted a proposal to take up the manufacture of spandex fibres. The company has not yet secured a letter of intent.

The following are the various proposals involving the manufacture of high-wet modulus (HWM) fibres.

■ Modi Fibres Ltd., promoted by Modi Spinning & Weaving Mills Co. Ltd. in association with the State Industrial & Investment Corporation of Maharashtra Ltd. (Sicom) and Courtaulds of the UK, has now begun the construction of a sophisticated 30,000 tpa facility at Patalganga near Bombay to manufacture HWM solvent spun cellulosic fibre.

Courtaulds will be providing the unique solvent spinning technology which is considered to be pollution-free. The plant, claimed to be only the third of its kind in the world, is estimated to cost Rs 209 crores and scheduled for commissioning during 1992.

■ The UP State Textile Corporation Ltd. had secured a letter of intent way back in June 1983 for setting up a 22,500 tpa plant for HWM fibres. The project has not made any progress.

■ Bharat Fibres Ltd., a Dalmia company, had also indicated plans for setting up a 26,000 tpa project for manufacturing HWM fibres at Bilaspur in Madhya Pradesh. No progress has been witnessed.

In polyester staple fibre (PSF), there are two major projects in the pipeline.

■ India Synthetics Ltd., a new company promoted by JK Synthetics to set up a PSF project in Banswara district Rajasthan, will be utilising a letter of intent issued to the latter. A technical collaboration with EMS Inventa AG of Switzerland is proposed. The project may take concrete shape during 1990 and be completed during 1992.

■ JCT Fibres Ltd., which recently set up phase-I of its PSF project at Chohal in Hoshiarpur, Punjab, may take up the second phase programme in due course of time. The ultimate capacity planned is 30,000 tpa for which an industrial licence has already been secured.

Carbon fibre is versatile and finds applications in the aircraft and sports goods industries. There has been increasing interest in this fibre in developed countries and even in India steps have been initiated by some companies to take up its manufacture. Some of the projects that are likely to come up are discussed below.

■ Indian Petrochemicals Corporation Ltd. is in the process of setting up a pilot project for carbon fibre with a 12 tpa capacity. R.K. Engineering of the UK is providing technology for the Rs 35 crore project. The pilot plant may become operational in 1991.

■ *P.V. Satyanarayana*

The author is a Bombay-based management consultant.

DATAFILE: BIHAR

In this instalment of our series on the incentives offered by states to industry, we throw the spotlight on Bihar.

Area: 1,73,876 sq km.

Population: 69.8 million.

Natural resources: Rice, wheat, maize, *ragi*, pulses and barley are the main crops. Timber, firewood, *sal*, *karan*, *asan*, *gambhar* and *kusum* are the main forest resources, while coal, bauxite, copper, kyanite, mica, iron ore and limestone are Bihar's key mineral resources.

Industrial area classification:

■ *Central government classification:*

Category A: Aurangabad, Bhojpur, Khagaria, Purnea, Sahasa, Madhepura, Nalanda.

Category B: Bhagalpur, Darbhanga, Samastipur, Madhubani, West Champaran, East Champaran, Palamau, Dhumka, Sahibganj, Deoghar, Godda.

Category C: Muzaffarpur, Vaishali, Sitamarhi, Saran, Siwen, Gopalgunj, Nawadah, Gaya, Begusarai, Munger.

■ *State government classification:*

Category D: Katihar, Patna, Rohtas, Giridih, Hazaribagh, Dhanbad, Ranchi, Gumla, Lohardaga, Singhbhum.

Infrastructure, tariffs and concessions.

■ *Power*: The prevalent power tariffs are given in the accompanying table, but some concessions and subsidies are available.

Small scale industrial units (SSIs) are exempted from the payment of minimum guarantee charges for a period of five years from the date of production. However, the maximum admissible amount of exemption should not exceed Rs 1,000 in a year.

Large, medium, small and tiny industrial units are exempted (to the extent of 25% or a maximum Rs 1 lakh) from the payment of electricity duty for a period of five years with effect from 1 September 1986 or after the date on which the units go into production. The exemption is granted for electricity used for production purposes only.

Small-scale and tiny industrial units are entitled to a subsidy at the rate of 15 paise per unit on the power consumed for manufacturing for a period of five years from the date of production after 1 October 1986.

Large industrial units get a subsidy at the rate of nine paise per unit and medium-scale units at 12 paise per unit in respect of the power consumed in the production process for five years from the date of production after 1 October 1986 or for the unexpired period of five years from the date of production, if it was prior to 1 September 1986.

SSIs' get a subsidy at the rate of 25% of the cost of purchase and installation of captive diesel or kerosene oil generating sets, subject to a maximum of Rs 5 lakhs.

Large and medium-scale industries get a subsidy of 20% on the cost of purchase and installation of captive generating sets, again subject to a maximum limit of Rs 5 lakhs.

■ *Water:* If an industry takes water from a source maintained by the government, water is supplied on a "no profit, no loss" basis.

■ *Land & buildings:* For SSIs and tiny industries, sheds are provided for which they have to pay only 50% of the rent for the first five years. Scheduled caste/tribe (SC/ST) entrepreneurs have to pay only 25% of the rent for the first two years and 50% for the next three years. After five years, 100% rent is charged to all. Sheds can also be bought or taken on a hire-purchase basis on the payment of 5% of the cost in each of the first two years, 7% in each of the next two years and the balance in eight equal annual instalments. For SC/ST entrepreneurs, the rates are 5% in each of the first three years, 7% in each of the next three years and the balance in the next eight years. The rate of interest is 5% with a 2% rebate for timely payment.

Developed land in industrial areas and estates is given on lease for 99 years and the cost and interest is realised in the manner mentioned above. In calculating the cost, however, the following rebates are available: Category A — 25%; Categories B & C — 20%; all other districts — 15%. Entrepreneurs are allowed to mortgage the land to a financial institution to obtain loans for the purpose of production.

For large and medium industries, plots are leased out on a long-term basis on a token annual rent. The price of land is realised in 10 annual instalments: 5% of the cost is paid in each of the first two years and the remaining in the next eight years.

■ *Feasibility study assistance:* If feasibility reports are available or are prepared by the state industries department, they are supplied free of cost.

For SSI units, the subsidy for feasibility studies is subject to a limit of 1% of the fixed capital investment or Rs 20,000, whichever is less. This is not applicable to industries in Category A districts, business management graduates, SC/ST and first-generation entrepreneurs in any part of the state.

If the fixed capital investment is less than Rs 1 crore, the subsidy is 1%, or Rs 50,000, whichever is less. If the fixed capital investment is more than Rs 1 crore, the subsidy is 0.5% or Rs 3 lakhs, whichever is less.

POWER TARIFFS IN BIHAR

(Average rate in paise per Kwh)

Category	Rate	Duty	Surcharge	Total
Small industry				
5 HP, 10% LF (upto 272 Kwh/month)	84.00	2	26	112.00
10 HP, 15% LF (upto 817 Kwh/month)	84.00	2	26	112.00
10 Kw, 20% LF (upto 1,460 Kwh/month)	82.00	2	26	110.00
Medium industry				
50 Kw, 30% LF (upto 10,950 Kwh/month)	82.00	2	26	110.00
Large industry				
250 Kw, 40% LF (upto 73,000 Kwh/month)	73.10	2	26	101.10
1,000 Kw, 50% LF (upto 3.65 lakh Kwh/month)	69.28	2	26	97.28
Heavy industry				
5,000 Kw, 40% LF (upto 14.6 lakh Kwh/month)	73.10	2	26	101.10
5,000 Kw, 60% LF (upto 21.9 lakh Kwh/month)	65.10	2	26	93.10
10,000 Kw, 60% LF (upto 43.8 lakh Kwh/month)	65.40	2	26	93.40
10,000 Kw, 70% LF (upto 51.1 lakh Kwh/month)	64.06	2	26	92.06
25,000 Kw, 80% LF (upto 146 lakh Kwh/month)	63.05	2	26	91.05

Abbreviations: Kwh-Kilowatt hours; LF-Load factor; HP-Horse power
Source: State government

GUESS WHO'S GOING TO POWER MARUTI WHEN IT SHARES THE ROAD WITH CITROEN, PEUGEOT AND RENAULT?

AMCO-YUASA, WHO ELSE. Maruti Udyog are sticking to the favourite, AMCO-YUASA, when their shipment of cars leaves for Europe. Making it the first Indian battery to be fitted on export Marutis. Because we make our batteries with technology from Yuasa of Japan: the world's No.1 in packaged power.

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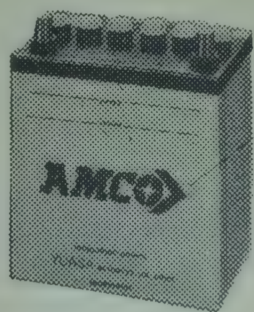

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■ *State capital investment subsidy:* Units in all districts falling under Category C can avail themselves of a state capital investment subsidy to the tune of 5% of the capital investment upto a maximum of Rs 5 lakhs. Districts in Category D are eligible for a 15% state capital investment subsidy (maximum: Rs 15 lakhs).

■ *Sales tax benefits:* Industrial units going into production on or after 1 September 1986 have the option either to avail themselves of total exemption from the payment of sales tax on the purchase of raw materials or to get a setoff against the amount paid as Bihar sales tax on the purchase of raw materials against the amount payable on the sales of finished goods. This facility is available to industrial units for a period of five years.

All industrial units going into production on or after 1 September 1986 get an interest-free sales tax loan for a period of five years. For SSI and tiny industries, the limit is Rs 10 lakhs (Category A districts: Rs 15 lakhs).

.For large and medium units the maximum limit is Rs 25 lakhs (Category A districts: Rs 30 lakhs).

■ *Price preference:* The state government has made it mandatory for government departments and state public undertakings to give preference to the products of public/joint sector ventures in purchases.

■ ***Subsidy on technical knowhow fees:*** A subsidy at the rate of 75% of the lumpsum knowhow fees charged by the National Research & Development Corporation and National Research Laboratories (and organisations recognised by the government which offer technical knowhow) is available to small industrial units subject to a maximum of Rs 30,000.

In the case of industries set up in Category A districts, as also in respect of units set up wholly by graduate entrepreneurs, diploma holders in business management, SC/ST and first generation entrepreneurs in any part of the state, 90% of the lumpsum knowhow fee (subject to a maximum of Rs 40,000) is allowed as subsidy.

■ *Promotional institutions:* 1. Bihar State Agro Industries Development Corp. Ltd., Krishi Udyog Bhavan, Sinha Library Road, Patna 800 001. 2. Bihar State Credit and Investment Corp. Ltd., Jeevan Jyoti Bhavan, S.P. Verma Road, Patna 800 001. 3. Bihar State Export Corp., Biscomaun Building, Gandhi Maidan (West), Patna 800 001. 4. Bihar State Electronics Development Corp. Ltd., near A.N. College, Water Tower, Patna 800 013. 5. Bihar State Financial Corp., Fraser Road, Patna 800 001. 6. Bihar State Forest Development Corp Ltd., 27 Pataliputra, Patna 800 013. 7. Bihar State Handloom, Powerloom & Handicrafts Development Corp. Ltd., Udyog Bhavan (East), Gandhi Maidan, Patna 800 004. 8. Bihar State Industrial Development Corp. Ltd., Purani Chowk, Bunder Bagicha, Patna 800 001. 9. Bihar State Leather Industrial Development Corp., Opp. A.N. College, Boring Road, Patna 800 013. 10. Bihar State Mineral Development Corp., Raj Hotel, Main Road, Ranchi 834 001. 11. Bihar State Small Scale Industries Corp. Ltd., Udyog Bhavan, Gandhi Maidan (East), Patna 800 004. 12. Bihar Industrial & Technical Consultancy Organisation Ltd., Udyog Bhavan, Gandhi Maidan (East), Patna 800 004.

■ *Ramesh Kumar*

(The author works with Mode, a Bangalore-based information research consultancy.)

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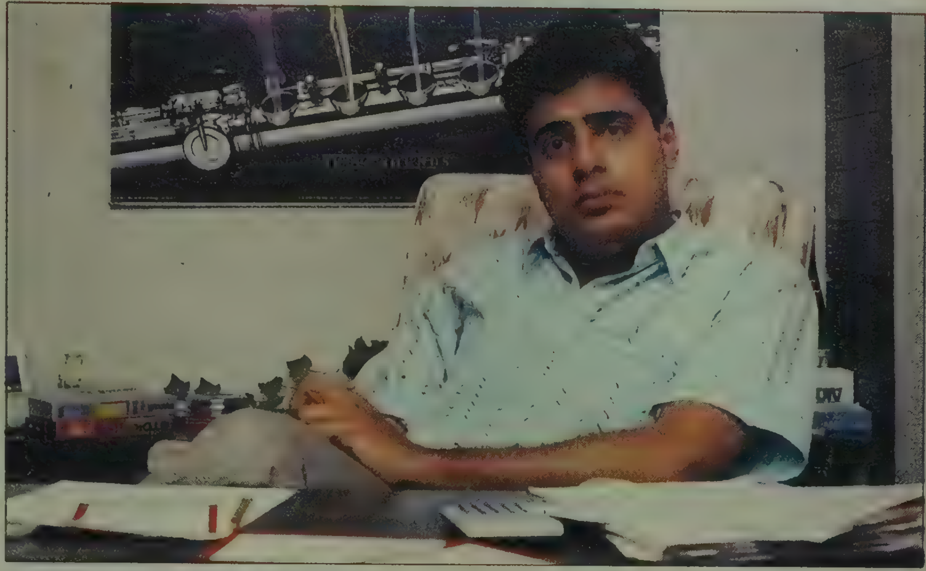
ART ATTACK

All work and no play makes Jack a dull boy, goes the old adage. Yet for today's rat-race corporate world, a more appropriate one would be: All work and no play makes Jack a stress-prone person. So Dynasty Culture Club's (DCC's) latest corporate membership bid is one way companies can ensure their Jacks get some play.

DCC, which organises cultural and entertainment shows for members, has come out with a revised corporate package for reputed Bombay-based companies. For Rs 7,400, a firm buys itself a unit that entitles it to four free passes to all DCC events that year. "It's an additional facility a company can offer its employees," says Ronnie Screwvala who, along with Hosi Vasunia and Dolly Dave, is on the club's board of directors. Should a company buy more units, the price per unit comes down.

Members will get to see around 45 shows a year — up from about 35 in the previous year — and can choose from a wide variety. While the break-up between western and Indian culture-based programmes is equal at 50% each, 25% of all shows will be international. And to ensure that the kids can come along too, the club has reserved 20% of the fare for family and children. This way, says Screwvala, "we hope our members (4,500 at present) broaden their interests in the performing arts as they will be exposed to a lot through the club."

Cause for complaint. DCC, which has been in existence for just about a year (it was flagged off on 26 June 1989), has not got over its teething problems yet. Though it has organised some superb shows (for instance, M. Butterfly and, more recently, the Bolshoi ballet), its last minute cancellation of events and changing rules for booking tickets have given cause for complaint, grumbles one member. Others feel it is too elitist — a point Vasunia and Screwvala strongly deny. Besides, programmes co-sponsored with the Indian Council for Cultural Relations (ICCR) have raised some hackles for ICCR's quota of tickets is given to the public on a first-come-first-served basis, diluting the 'exclusiveness' members are supposed to enjoy. Quality too, at times, may be compromised. With the Reserve Bank's stringent foreign exchange regulations, international artistes aren't paid a fee, "it's an all expenses paid for trip for them and, of course, the privilege of adding India to the list of countries they've performed in," says Vasunia. But this by itself will not bring in the top artistes.



SCREWVALA IS WOOING EXECUTIVES

First of its kind. Yet, all in all, the club is the first of its kind in India and it is breaking new ground. Screwvala is careful to distinguish it from other cultural organisations in Bombay. While the National Centre for the Performing Arts (NCPA) does offer a broad spectrum of events like DCC does, it is associated with its location in south Bombay, where all its functions are held. On the other hand, DCC is like Bombay's Time and Talents Club — it holds its shows at venues which keep in mind the area-wise distribution of its members. But unlike the latter, it is not restricted to one field — western classical music.

The club's promoters have thought things out carefully — its sponsors for example. "With *Indian Express* as our press sponsor, Air India as our official carriers, Hotel President as our official hosts and Herbertsons Ltd. as an associate, if Leo Toys wanted to come in we wouldn't be able to fit it in anywhere," says Screwvala. Sponsorship is apparently all booked and Dynasty is hoping that membership too soon will be.

YOUNG HAND

At age 29, he doesn't qualify for membership to most of Calcutta's clubs. But by electing Sanjiv Goenka last fortnight as its president for 1990-91, the venerable Indian Chamber of Commerce (ICC) has declined to correlate age with maturity. Only twice in the past has ICC had presidents in their thirties (Sudhir Jalan, Rajive Kaul); by further lowering the floor, this pioneer chamber has now set a new precedent for Indian industry.

But a more personal sense of history weighs on Sanjiv's shoulders: as he presides over ICC affairs, unsmiling portraits of his great-grandfather (Sir Badridas Goenka), grandfather

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THE TAJ GROUP OF HOTELS

(K.P. Goenka) and father (R.P. Goenka) — past presidents all — stare down at him.

Fresh approach. Goenka is the first to concede that one year is too short a period for a part-time office bearer to work miracles. Yet, early on in his 12-month term, there are clear signs that he is bringing a fresh approach to a job which he is not inclined to see as being purely ornamental. "To start with, we are not adopting any theme for the year. We want the Indian Chamber to play a broad-spectrum role rather than a narrowly focussed one," he says.

To set the ball rolling, Goenka has offered the managerial wherewithal at ICC's command to the West Bengal government to help chalk out comprehensive district development plans. According to him, state finance minister Ashim Dasgupta — himself an economist of some standing — has been most receptive to this idea. Initially, the ICC is likely to take up this task for four or five of West Bengal's 17 districts. "Our blueprint will take into account aspects such as resources, constraints, feasibility prospects and so on just like a business plan does," he explains.

Apart from closer collaboration with the government, Goenka is also contemplating the forging of links between business and academia: "They deal with the theory, while we are busy with the practice. We have a great deal to learn from the dons and we shall try to institutionalise ways and means to ensure that we do."

Catalytic role. Goenka is convinced that a chamber ought to play a catalytic role in enriching intellectual standards — and this role ought not to be shackled by a narrow definition of business interests. To practise this precept, the ICC impresarioed an international seminar last month on the political risks and social costs of nuclear war. In collaboration with the B.M. Birla Institute of Science, the ICC played host to a galaxy of international nuclear physicists and scientists, including Dutch Nobel Laureate Van der Meer from the Centre for European Nuclear Physics, Geneva. Businessmen and managers formed only a part of the large audience; all sections of Calcutta's intelligentsia had responded to Goenka's personalised, hand-delivered letters of invitation.

Happily for ICC, the chances are that the current winds of change will continue to eddy. Next year, Goenka will be succeeded by another young president in Macneill & Magor's Deepak Khaitan (33), who is already working closely with the former and is in tune with the reformist outlook. Call it by whatever name, no one will brand ICC as fuddy-duddy any more.

NOT MERE PIPE DREAMS

Finolex group chairman P.P. Chhabria is a happy man nowadays: the testing times which he was facing seem to be over. His ambitious plans for the group had been facing roadblocks — tax raids by the enforcement directorate and a delay in the Controller of Capital Issues' (CCI's) clearance for his company's public issue. But that's behind him now. For the moment, it's all systems go for Chhabria who wants to push his present Rs 200 crore group turnover to Rs 650 crores by the end of 1992.


WILL CHHABRIA'S MAGIC WORK?

Conscious decision. Coming soon in June will be the much-delayed Rs 160 crore public issue of Finolex Pipes. Chhabria claims that delaying the public issue was a conscious decision on the part of the company, and it had nothing to do with the CCI sitting over it. The issue was slated to come out late last year, "but the uncertainty surrounding the November elections forced us to postpone the issue date," says Chhabria. "Once we decided to postpone the issue, we decided that June would be the month."

The issue will be funding the Rs 350 crore PVC resin project to be set up by Finolex Pipes at Kawas, near Ratnagiri. "With it, we will be entering the chemicals business," says Chhabria. The 1 lakh tpa PVC project, expected to begin production in mid-1992, will be the first phase of a Rs 550 crore backward integration-cum-diversification programme. In the second phase, Finolex Cables plans to set up a caustic soda plant.

Civil works for the project, according to Chhabria, began when the letter of intent was received in July 1989. The company has tied up with Hoechst AG and its subsidiary Uhde for the engineering and process knowhow. "Hoechst has not given any knowhow to anybody after Polyolefins India," exclaims Chhabria proudly. Ethylene and ethylene dichloride will be the feedstock for the proposed plant. However, much of it will have to be imported unless the proposed gas crackers come up soon. Of the total PVC production, Finolex Pipes and Finolex Cables themselves will consume about 40,000 to 50,000

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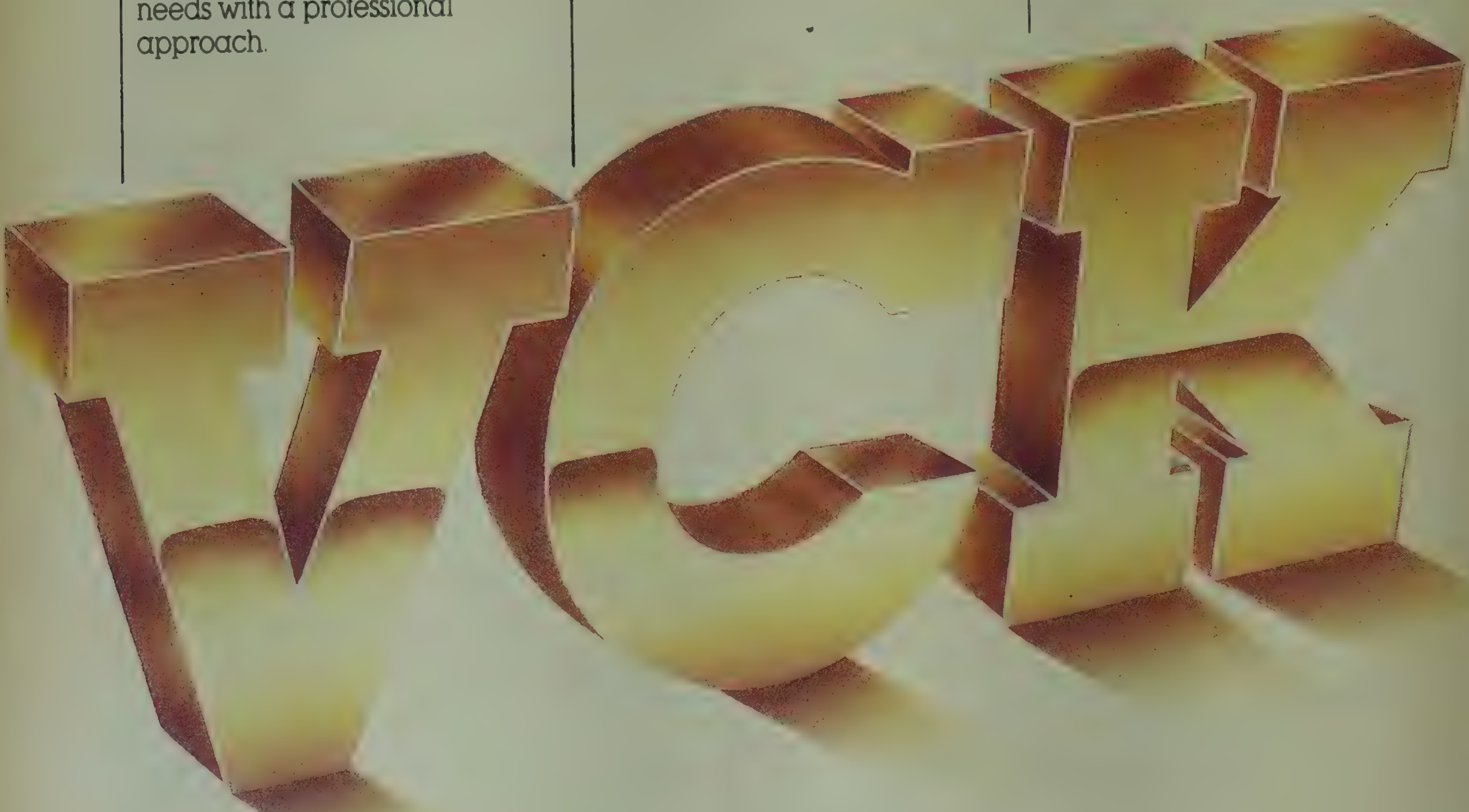

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tonnes per year, basically to make cables and pipes.

Onus on pipes. Till now, cables have earned the gravy for the group. But now the focus will shift to pipes. Of the total group turnover of Rs 200 crores, Finolex Pipes contributes about Rs 75 crores. By the end of 1992, its share is likely to increase to Rs 400 crores in a total group turnover of Rs 650 crores.

And to bring about this jump, the Finolex group will be banking heavily on the PVC division, which is expected to generate Rs 300 crores as turnover in the first year of operation itself. Sounds overambitious? But Chhabria says PVC is a magic material. With magic anything's possible.

AN UPSTART MAKES GOOD

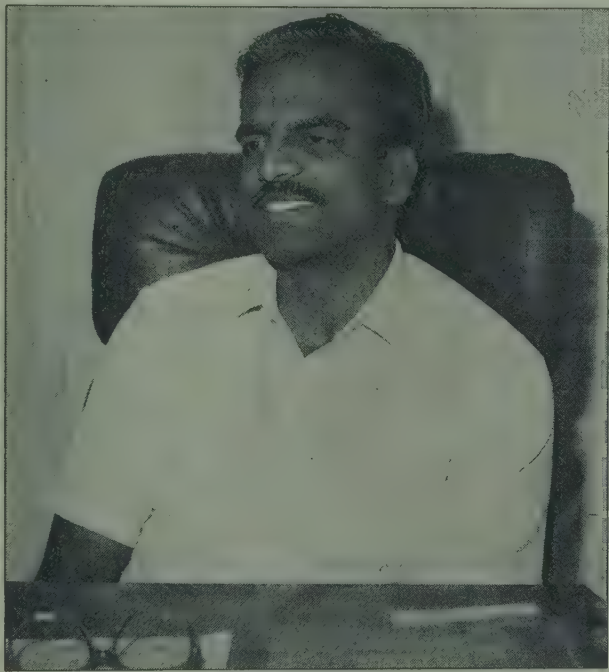
Suddenly, the action in the ice cream market is hotting up. And with majors like Brooke Bond eyeing the market and Cadbury's scooping out Dollops, things can only get warmer. And this is notwithstanding the fact that one will have to fork out more for one's ice cream, given the budget levy of a 10% excise duty.

Despite all the slugging among the parvenus in a market dominated by Kwality (see *BW* 14-27 March, p.16), a few regional brands are still holding their own and dishing out as good as the best. One such is Arun ice creams, which has consolidated itself without much ado in the Tamil Nadu market and plans to spread its tentacles in the Rs 23 crore southern market.

Consider: in the south it has a market share of 15% and in the Rs 6 crore Tamil Nadu market it has a whopping 48% share. And R.G. Chandramohan, the managing director of Hatsun Foods Pvt. Ltd., the makers of Arun, plans to keep it that way.

"We've been growing on an average at the rate of 90% every year," he says. "Next year turnover should double to Rs 6 crores." His ambition for the next year: a 25% chunk of the southern market. Arun has already made forays into Bangalore, which Vadilal is eyeing after a Hyderabad launch, and a few months from now will take on the Kerala market, where Joy holds sway.

Family concern. A family concern which began life in the early seventies, Arun's production was negligible in the first 10 years. It was only in the early eighties that Chandramohan began to think big. "At that point of time we had barely a 3% share of the total market with a turnover of Rs 1.2 lakhs," he says.



CHANDRAMOHAN: ICE CREAM SUCCESS

Chandramohan chalked out a new strategy by carefully segmenting the prevailing market. The biggest bread-earner was, and still is, the hotels and restaurants market. But that was a no-no as far as Chandramohan was concerned. "It demanded huge capital investments and it is a highly credit-oriented market demanding higher discounts. Besides, the end-consumer is unaware of the brand of the ice creams," he elaborates.

The other big market is the point of purchase (or general stores) market but, being an unestablished name, he felt that this was not it. The marriage market was the other alternative, but Chandramohan struck that one out too. "I decided to concentrate on the smaller markets and on the districts," he says. Eventually, he captured all the district markets before he ventured into Madras. The college and ship chandlers market also became a big segment for him and he was able to increase his sales substantially. The outstation market, which is prone to distribution hassles, became his playing field. "The districts were a new, virgin market which we developed," glows Chandramohan. And today if he holds a 15% market share in the south, the districts have contributed to it in no small measure. Arun is as familiar a name in outposts like Virudhunagar and Sivakasi in Tamil Nadu as in Madras.

Once he had captured the semi-urban market, Chandramohan set his sights on the urban one. He strengthened his presence in Madras by several innovative methods. One, for a certain minimum value of purchase, Arun gives free door delivery. Chandramohan plans to soon launch a scheme where his ice cream will be delivered free if it does not reach within one hour.

Other gambits. There have been other gambits, too. Last year Arun hosted an ice cream fete where one could eat all the ice cream possible for Rs 8. Though his wallet took a beating, Arun gained publicity as customers turned up in hordes to gobble up his ice cream. "One boy came up to me and gloated that he ate Rs 95 worth," recalls Chandramohan.

With a Rs 40 lakh advertising

budget to back him up, he now plans to make a dent in the Bangalore market by first cornering the suburban consumers. But with topdog Joy, Dollops and Vadilal waiting in the wings, things could be difficult. But he is unfazed. "We plan to launch some novel schemes in the first week of June," he says.

He's already got a foot in another market — flavoured milk. Launched under the brand name of Sun Fun, he expects a big market here too despite the competition from the overheated aerated drinks market. Chandramohan is also looking at backward integration by trying to get an assured supply of milk through his own collection centres. "Milk is a major bottleneck for us," he explains. On the anvil too is a Rs 1.25 crore expansion plan and a new plant in Madras. Arun is likely to give the others a run for their money.

THE CHOKHANI FLOAT

After years of protracted delays and heartburn, the Chokhani project has finally taken off. The much-touted floating drydock for Madras port sailed in on 16 March and would have gladdened the Chokhanis as much as it would have shipowners around the country. The dock was purchased for a whopping Rs 25 crores by Chokhani International Ltd., a company which sports the same name as the promoters, from Keppel Corp. Ltd. of Singapore.

With a second, smaller drydock due in April from Keppel, the Chokhani docks promise to become a complete shiprepair base in themselves saving, according to chairman Vishnu Chokhani, crores in foreign exchange. Says he: "Getting business is no problem as minimum repairs have always got to be done on ships." So even if the current upswing in the shipping industry's fortunes peters out, ships have got to be kept shipshape as per the norms set by Lloyds of London.

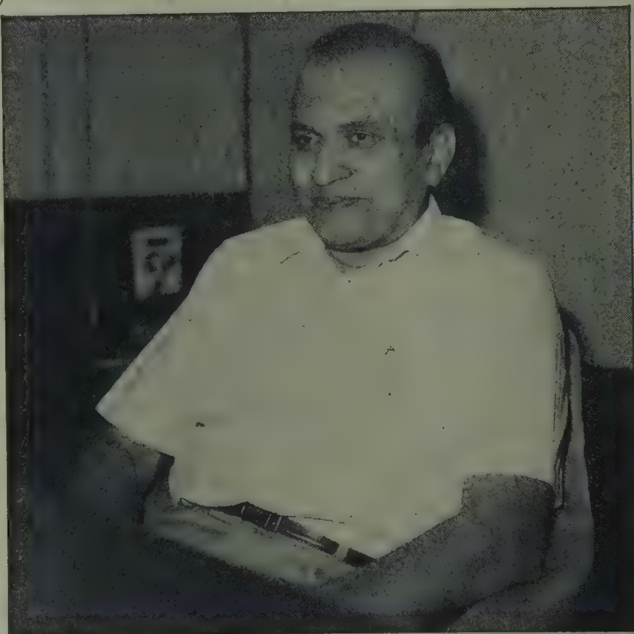
Discreet enquiries. "There are over 800 ships in India alone of various sizes and we can't even handle 100 of those over a year," says Chokhani to substantiate his optimism. So even the presence of a shipyard of international standards will not be sufficient to meet the requirements of the industry. But to gain a world reputation, Chokhani is looking farther afield and he's had discreet enquiries from eastern Europe. "We will have to build up our reputation for that. Of course, the Keppel name is there to back us up," adds Chokhani.

Keppel's is a hoary name in the industry with over 130 years of dabbling in ships. It has plumped for a 25% stake in the Indian company's equity of Rs 27 crores and will also be managing the yard for five years.

The floating drydock, christened Bharat, is capable of handling ships of upto 40,000 dead weight tonnage (dwt). Both the drydock and repair facilities will be contiguous to the workshops onshore. The smaller dock, capable of handling ships of 6,000 dwt, will handle lighter craft like trawlers and coast guard vessels while the larger one can handle up to four large ships at any point of time.

The drydock project was conceived way back in 1983 by the Chokhanis. But the proposal got embroiled in the maw of clearances and despite some hectic lobbying in Delhi's proverbial corridors, there were delays and cost overruns. In the running for the drydock project were Continental Construction, Escorts (which had had an earlier unhappy experience in handling a drydock near Bombay which was ultimately sold to the navy) and Essar. But in the end, much to the Chokhanis' relief, they clinched the deal because of the higher lease rentals they agreed to pay to the Madras Port Trust (about Rs 1 crore a year).

Eye on baby. The tender was awarded to the Chokhanis in December 1986 and at that time the project was estimated to cost about Rs 36 crores. Today, the overall project cost has been put at Rs 80 crores. Confesses Chokhani, "Other lobbies were also trying to get the project but we were lucky to hold on." Now that all that's behind him, Chokhani plans to keep his eye on his baby.



CHOKHANI IS LOOKING BEYOND

The dock is expected to become fully functional by July and in the first full year of operations he expects to rake in a turnover of Rs 40 crores or more. He's also looking further afield at a sports goods manufacturing export unit with South Korean collaboration which will make graphite-golf clubs and tennis racquets. Obviously it takes more than a dock to keep Chokhani's ambitions afloat.

(Contributed by Carina Vincent, Sujoy Gupta, Srinivas Vijay & Vinay Kamath.)

GENSETS

A DEGENERATE MARKET

They thought they were all set to generate substantial profits. But two of India's leading industrial houses — the Birlas and the Shrirams — who ventured into the manufacture of portable generator sets with Japanese tieups seem powerless to emerge out of the woods.

Today, the balance-sheets of the two companies — Birla Yamaha and Shriram Honda — are awash in red ink. Demand, which Tata Consultancy Services had projected at 2.5 lakh sets a year by 1987-88, is a paltry shadow of that and capacity utilisation is a poor 20-25%. An all-out marketing war, with lakhs of rupees being splurged on it, has resulted. Worse, another competitor — Enfield, in collaboration with Mitsubishi — has decided to jump into the fray.

The sorry state in which the genset duo find themselves today has many causes. To start with, demand projections were too rosy. Then the rising yen threw to the winds all price projections. And, finally, smugglers took their toll. But more of that later. In the meantime, the proposed entry of Enfield is raising hackles.

Financial disaster. "Any new entry would mean financial disaster not only for the existing units but also for the new entrant," says Shriram Honda general manager N.K. Goila. "Even without a competitor it would take a couple of years for us to get out of the woods." The consolation is, however, that Enfield has plans to produce just 4,000 sets in the first year. And Birla Yamaha does not seem to be worried on this count. Says Birla Yamaha's, senior marketing manager Ashok Kaul: "Since Enfield's production is going to be in the 1 Kva range, it would hardly be in direct competition with our models, which are either below or above this range."

Goila, however, disagrees. "If Enfield's production is limited to around 4,000 sets, it would hardly affect any of us but the number is going to increase later on." And as if Enfield alone were not enough, Rallis, Crompton Greaves and the Modis have similar projects on the drawing board.

Neither of the two existing players — both Board for Industrial & Financial Reconstruction (BIFR) cases — can afford any further setbacks. As it is, their entire net worth could have been wiped out by the end of 1989-90. Birla Yamaha, having an equity base of Rs 8 crores had an accumulated loss of Rs 3.66 crores as on 28 February 1989. Losses in the first half of this year were another Rs 2.70 crores and by the year-end, the total accumulated loss could be over Rs 8 crores. The accumulated losses of Shriram Honda stood at Rs 5.50 crores on an equity of Rs 7.50 crores on 31 March 1989.

Turning the corner. The management of Shriram Honda, however, is confident of turning the corner in the current year ended 31 March 1990. "We will be making small profits on a net basis this year," says Goila. The company made a cash profit in the first half of the current year and loss on net levels was a mere Rs 13 lakhs. The happy scenario at Shriram Honda is, however, because of the 'subsidy' doled out by its collaborator Honda. In the previous financial year, the company received Rs 2.48 crores as "sales promotion fee" from Honda. If one discounts this, the accumulated losses of the company work out to Rs 8 crores, wiping out the net worth.

Birla Yamaha seems to be more realistic on the financial breakeven front. "We will make cash profits in the next financial year and net profits in the year thereafter," says president P.K. Srivastava. "We have made investments keeping a longer term perspective. That is why we have launched eight different models at huge costs. Though it means depressed bottomlines now, better yields will come in later years," he adds.

"The prospects are really bright and that is why the market has grown from 15,000 units to 60,000 in the past three years," adds Srivastava. Agrees Goila of Shriram Honda: "The industry is growing and demand could explode in the coming year." The reason, according to him, is simple: power cuts are becoming a part of life in many parts of the country.

"Given our financial constraints, we have not been able to tap the market fully," says Kaul (quoted earlier). Today about 25% of the sales are in Delhi, Bombay, Calcutta and Madras where there has been aggressive marketing. And 10 major cities account for nearly 50% of total sales.

Take-off stage. "We are at a takeoff stage," announces Goila of Shriram

THE SPLASH OF RED INK

(Rs lakhs)

	Shriram Honda		Birla Yamaha	
	11 months ended Mar 1989	6 months ended Sep 1989	18 months ended Feb 1989	6 months ended Sep 1989
Turnover	2,440	1,344	3,366	1,604
Gross profit (loss)	(314)	59	(199)	(174)
Depreciation	115	72	18	96
Net profit (loss)	(429)	(13)	(383)	(270)
Equity capital	750		800	
Reserves	25		25	
Accumulated losses	550		366	

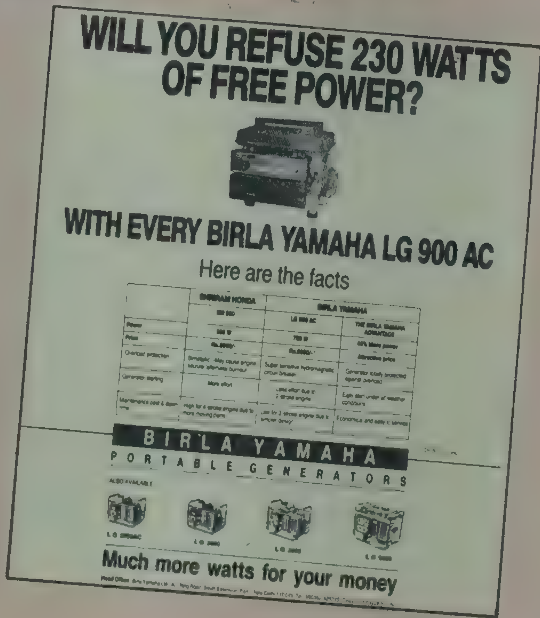
Source: Company reports

SEASONED SCRAPPERS

A high voltage war has been sparked off in the genset industry, not only in advertisements and prices but also in snatching each other's personnel and ideas. This is a direct fallout of too much capacity chasing limited buyers. "Had the same quantum of energy and money flowed into promoting the concept of gensets, the total demand for gensets and the financial health of both the companies would have been much better," comments a senior executive at Birla Yamaha.

Consider this: the price of light commercial vehicles (LCVs) manufactured in India under Japanese collaboration has gone up by around 50% in the past three years, mainly due to the appreciating yen and the increase in the cost of inputs. As against this, genset prices have come down by 20% though the same factors were operative in this industry too. Birla Yamaha introduced its LG 600 AC model priced at Rs 10,000 a few years ago. It now bears a price tag of Rs 7,890.

Ad war. There is much money going into advertising; but it is not well spent. Around 30% of the ad expenditure now goes into claiming superiority of models. The recent ad war started with Shriram Honda claiming that its new model genset's "superior performance is unmatched, compared with the other two-stroke



gensets available in its price range." Though Birla Yamaha was not mentioned by name, the reference was obvious. Birla Yamaha retaliated by placing much bigger ads comparing a particular model of its rival with its own in the same price range and listed five advantages. Shriram Honda in its subsequent ads started claiming it was "30% ahead of the competition."

To counter the Birla Yamaha ad, Shriram Honda prepared a chart proving all the five advantages wrong. (This chart is meant for circulation mainly among dealers.) Yet another ad claims superiority for its four-stroke engine technology. However, Shriram Honda has not mentioned Birla Yamaha by name in this ad. Says general manager N.K. Goila: "It is not Shriram's corporate philosophy to indulge in mud-slinging in the open. Actually, we can even go to the Monopolies & Restrictive Trade Practices Commission since Birla Yamaha's ads give all kind of misinformation."

Disadvantages. "Shriram Honda seems to be taking advantage of the impression created by a four-stroke bike (Hero Honda) that four-stroke engines are fuel-efficient. The fact, however, is that in gensets there is no advantage in a four-stroke engine. It is, in fact, a disadvantage in the case of low-powered gensets," counter claims Birla Yamaha's senior marketing manager Ashok Kaul.

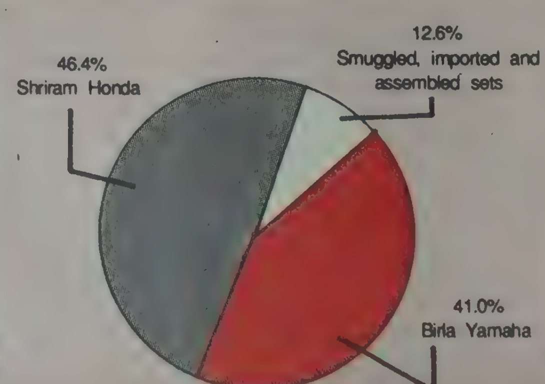
Then there is the active wooing of personnel. In February 1989, a top executive switched employers along with a handful of key marketing executives. "He walked off with classified information and it took us three to four months to recover from this setback," complains the previous employer. And much more money goes down the drain in such less savoury forms of corporate combat.

Honda. "After turning the corner, we will concentrate on low-demand areas and we hope to increase our sales by 20% per annum." Having retailed 22,000 sets in the 11-month year to March 1989, Shriram Honda expects sales of 26,000 units in 1989-90.

Srivastava of Birla Yamaha is equally chirpy on forecasts: "We hope to sell 30,000 units in the next financial year. The company is trying very hard to come up with modified and new products to utilise the basic installed capacity. This would naturally ease up financial constraints, enabling us to achieve breakeven."

Another area where both the companies are concentrating on to increase capacity utilisation is exports. Both of them have been able to export small quantities to neighbouring countries. The collaborators, who also have a financial stake, are lending a helping hand in exports.

MARKET SHARE (1989-90)



Source: BW estimates

Given the air of optimism and the potential demand, what caused the financial mess in which the companies find themselves in? "The high projected demand was based on certain assumptions which went wrong," says Srivastava. "For instance, against a projected price of about Rs 5,000, the cheapest genset today costs Rs 8,000. Agrees Shriram Honda assistant general manager Raman Sharma: "The market is really price-sensitive. In December 1988, we offered discounts of about 20% for a month and our products sold

THE 'OTHER' INDUSTRY

While the two organised sector companies are developing a market and paying a price for it, a host of traders are reaping the benefit by selling either smuggled or imported and assembled gensets. Their market share is estimated to be slightly less than 15%.

A ban on the import of gensets and engines for gensets below 5 Kva has been in existence since 1985. Earlier, virtually the entire demand for portable gensets was met by imports, thanks to negligible indigenous production. However, even five years after the ban, imported sets are easily available at a competitive price. "This is because just before the ban huge quantities of these sets were imported and the traders are still holding stocks, selling low volumes at higher prices," explains Ashok Kaul, Birla Yamaha's senior marketing manager.

Prior to the ban the imported gensets were retailing around Rs 3,500 each. As the traders got wind of import ban, huge quantities were ordered and prices were jacked up to a level slightly above the Indian versions. Traders are still holding enough stocks to last for another year. Besides this, there is a regular flow of smuggled sets, though in small quantities.

Lion's share. The lion's share of this segment, however, is with the screwdriver units who assemble the sets in India after importing two key parts — the engine and the alternator. Loopholes in the law help. One of the most successful manufacturers of such sets is Perfect Power Systems of Delhi, which markets its products under the brandname Powerman Honda.

This company imports Honda engines from Singapore and alternators from Australia and east Europe. Since it uses Honda engines, the Honda has been tagged along to the brandname boldly. And to add insult to the injury inflicted on domestic manufacturers, these sets are 10-15% cheaper. The company has been selling around 10,000 sets per annum and has also won some contracts from the Directorate General of Supplies and Disposals (DGS&D).

The ban on the import of engines doesn't work since it is always possible to purchase rep licences and import engines for use in marine trawlers, farm equipment, etc.

Although considerable market share has been eaten up by these gensets, the domestic producers are hopeful of some relief by end-1990 once the old stock of legally-imported sets is exhausted. And, according to Shriram Honda executives, the man behind Powerman Honda is in some legal trouble. If that fetters the company, the domestic manufacturers may well power their way to a more open field.

like hot cakes. Sales that month were almost three times what we recorded in the peak season. The response from low-demand zones was tremendous."

The principal culprit, as far as prices go, has been the ever appreciating yen. "When the project was conceived, a rupee could buy 20 yen and by the time we began production, its buying power came down to 18 yen and now it is only 8.4 yen," rues Goila. "This naturally pushed up our capital costs as well as that of imported components." Adds Srivastava: "Another problem is of high excise duty at 15.75% ad valorem, which further pushes up the production cost. I believe if the duty is reduced, the revenue earned would zoom up from increased sales."The manufacturers are also unhappy at the 65-70% duty on components and the 150% duty on raw material imports.

There appears to be, however, a glimmer at the end of the tunnel. One of the major problems was the high inventory levels due to dependence on imported components. This is coming down. While Birla Yamaha claims 80% indigenisation, Shriram Honda, which started production one-and-a-half years later, uses only 35% imported components today.

Other problems. But there are other

SRIVASTAVA IS CHIRPY ON FORECASTS

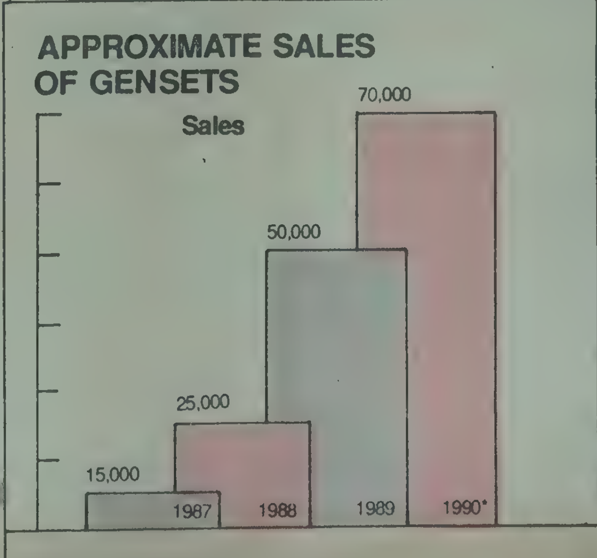
problems: the good monsoons in the last two years. "It is true that we survive and thrive because of the inefficiency of power production and transmission. Also, good monsoons resulting in better electricity generation dampen our sales. For instance, Kerala used to take up a lot of our production but the market is now lost thanks to the excellent monsoon," reveals Goila.

Another dampner is the seasonal nature of the trade. Over 50% of the sales are in summer; the nadir is reached between November and January. Companies have to either keep labour and machines idle for some part of the year or maintain a constant production level resulting in high inventories at times.

The duo are today almost equally placed in this Rs 60 crore industry. While the sales of Shriram Honda in 1989-90 are estimated to be around 26,000 sets, Birla Yamaha is likely to touch 23,000 sets.

The result is a squabble for top position. While Shriram Honda is the market leader going by numbers, the management of Birla Yamaha feels otherwise. Claims Srivastava: "This year, our production is down because of the non-availability of some critical components. We dictate terms in this market and are the leaders."

"Honda everywhere in the world is No.1 and in India also it is No.1," counters Goila. Honda seems to enjoy a better brand reputation in the country. Claims Shigemasa Nakamura, a director of Shriram Honda who represents Honda Motors of Japan on the board: "Between 1981 and 1985, we exported about 1 lakh sets to India and commanded a 90% share of India's import of portable gensets."



Source: BW estimates   * Estimated

Competition for the No.1 slot has led to competitive advertising (see box). And a lot of ad money is going down the drain. In the meantime the scenario continues to be dark. Will the gensets ever light the way to eventual success? Perhaps. But to date the principal players have been powerless to do anything about it.

■ *Shashi Shekhar*

INDO-GERMAN TRADE

BREMEN BECKONS

The prospect of one Germany, one Europe and no Iron Curtain is opening up rich, new business opportunities all round. "In Europe, the flow of trade is not only moving from north to south now but also from east to west," notes Senator (minister) Konrad Kunick of the Free Hanseatic City of Bremen, one of the federal German states. "Bremen is today even more the hub of a new Europe," he declares.

Last month, Kunick led a high-powered official delegation to India to explain the "unique facilities and advantages" offered by Bremen. His interest in India is but natural: after all, West Germany is India's largest trading partner in the European Community. Trade between the two countries is now estimated at DM 6 billion (Rs 6,120 crores). In 1989, exports from India to West Germany increased by 26% to reach Rs 2,290 crores. The Federal Republic is also extending a hand now to help Indian companies and business houses promote exports.

Fresh chances. The Germans are seeking proactively to help others in order to help themselves. Kunick explains that Bremen is currently putting up a complex (of 100,000 sq ft initially) to be known as the Asia Pacific Trade Centre. Indian companies will be eligible for the allotment of 100 sq ft of office space each in this complex on a rent-free basis for three years. All offices will be fully equipped with modern telecommunication facilities. "In short, we are trying to lay a platform which could serve as a gateway and marketing centre for the export of Indian goods to Europe," says Kunick.

According to him, Europe is where the action is going to be in the nineties. New technologies and creative ideas are certain to open fresh chances for business in both directions. Adds Kunick:"The rebuilding of the economies of Central and Eastern European state is certain to trigger off a large demand for capital and consumer goods. India must not let go of this opportunity."

And this is where Bremen, already a major trading centre and seaport, can be of great help to Indian business, he suggests. By way of sales pitch, Kunick points out that from Bremen, one can reach all destinations in West Germany by rail or road within half a day. There are also numerous daily feeder connections to neighbouring countries. (Indeed Maruti car exports to Hungary are being transshipped via Bremen port.) "Trade routes intersect at Bremen on their way from Leningrad to Lisbon, Stockholm to Madrid, Prague to Newcastle, and Oslo to Marseilles," he says.

Addressing the topic of mutual business prospects, Kunick feels a lot more needs to be done to ensure that Indian products make a mark in the international arena:"Through the Asia Pacific Trade Centre, Indian businessmen can learn a lot as well as expose their products to the international market to raise awareness levels all around."

Obtaining a toehold. According to Kunick, 30 Indian companies had already approached his delegation for obtaining a toehold in the complex. More are expected to follow. "But we would only consider those parties who have made a strategic plan to enter Europe. For those who have a concrete interest in the European market, we are ready to help out with feasibility studies. We can also help by identifying partners in Europe."

Other Asian countries which have shown interest in booking space at the Asia Pacific Trade Centre, which is expected to be completed by the end of this year, are Japan, Taiwan, Singapore, Indonesia and Malaysia.

But what about fears of a Teutonic hegemony following a united Germany in 'Fortress' Europe? Says minister Kunick:"India need have no fear. A united Germany will continue to stand committed to its principles of free trade and so will the single European community."

To get a slice of the pie in the nineties, Indian businessmen are being advised to bite the Bremen apple now.

■ *Ashoke Laha*

GOLD

THE GLITTER IS BACK

The (Gold Control) Act has been largely ineffective. It has caused hardship and harassment to small goldsmiths. There is not much point in continuing with such an ineffective legislation.

Finance minister Madhu Dandavate in his budget speech.

It was as if Dandavate had stolen the words from the lips of every goldsmith and jeweller in the country. That's what they have been saying ever since Morarji Desai in his wisdom and role as Union finance minister ushered in the draconian gold controls in 1963.

Understandably, freed of its fetters,

SONAWALA IS ALL FOR OFFICIAL IMPORTS

gold took a tumble. From Rs 3,420 per 10 gm on 20 March, it dropped to Rs 3,075 on 23 March which included a Rs 200 crash on 22 March.

"We should be able to bridge the gap between international and domestic prices," says Bombay Bullion Association president Shantilal Sonawala. That gap is currently ruling at over Rs 1,000 and is an open inducement to smugglers. But Sonawala adds a caveat: the eventual price at which gold will settle depends on the intricacies of the gold policy, some of which are yet to be worked out.

Mini-miracle. Why has removal of fetters on the yellow metal worked such a mini-miracle. In the first place, scrapping of the act should facilitate the release of unaccounted gold which is estimated to be 15,000 tonnes in the country. Besides, with buying and selling of gold becoming freer, the amount of recycled gold — at present about 50 tonnes — could increase.

A spurt in gold supply should do wonders to the business. Besides timely execution of orders, free availability of gold could push up the industry's turnover and exports. The present annual turnover and exports are Rs 1,200 crores and Rs 250 crores respectively. Both are expected to double next year.

Gold controls have long been a bugbear for the trade. With their removal, the stage is set for a rapid growth in business

But just scrapping the act does not mean opening a new goldmine. Currently, the annual demand for gold is about 200 tonnes out of which 150 tonnes is smuggled. Greater local availability of gold should drive down prices to a level where smuggling is rendered non-lucrative. But freed supplies can do only so much; where will the rest of the gold come from?

"The government should open the gates for official imports," says Sonawala. "Only changes in the exim policy can prevent smuggling," adds the president of the Federation of Jewellers of Southern Region (Madras), Vummidi Nandagopal.

Meanwhile, keeping their fingers crossed along with the smugglers are the 25,000 gold control administration officials. For them the act has been a golden goose bringing in an estimated Rs 25 crores each year in bribes. Their golden age is over; for the trade it might just begin.

■ *Srinivas Vijay*

CHRONOLOGY

1962 — Gold Control Rules framed. All holdings of non-ornamental gold to be declared to the government and gold in ornaments not allowed to exceed 14 carats purity.
9 Jan 1963 — Gold Control Order issued.
1966 — 14 carat restriction withdrawn.
29 June 1968 — Gold Control Ordinance promulgated.
1 Sept 1968 — Gold Control Act gets President's okay.
1978 — Janata government gold auctions.
26 Oct 1978 — Gold auctions suspended.
19 Mar 1990 — Gold Control Act abolition proposed.

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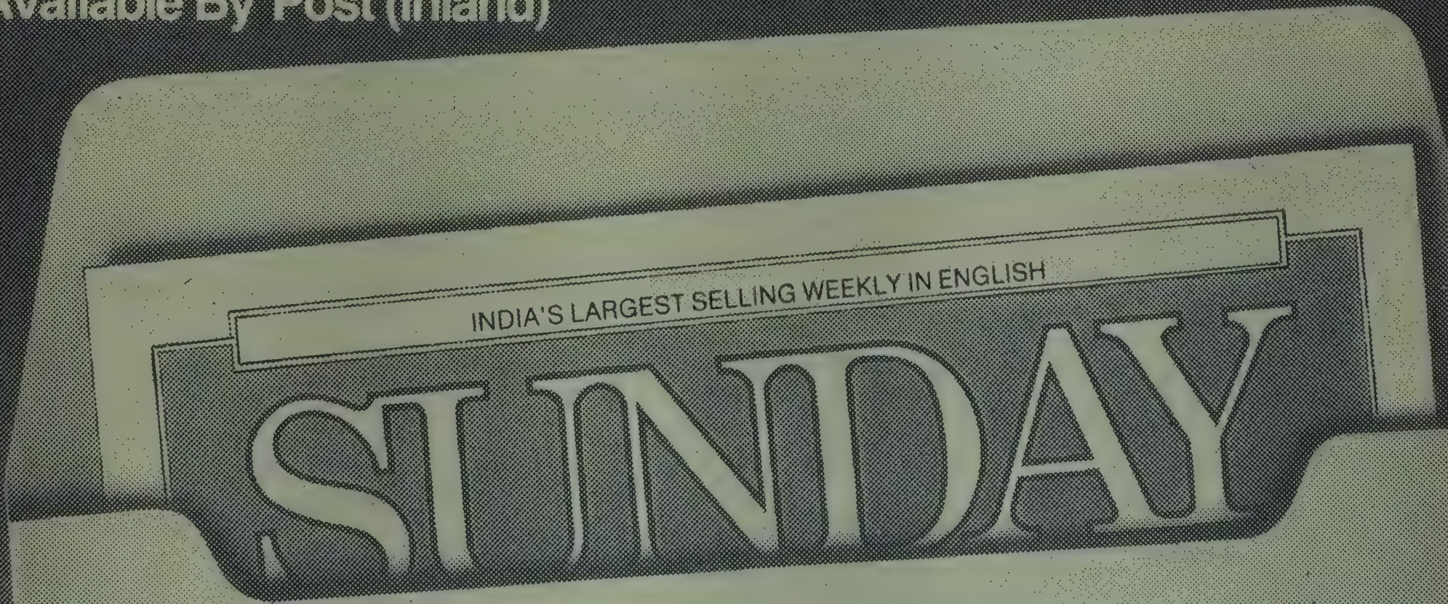

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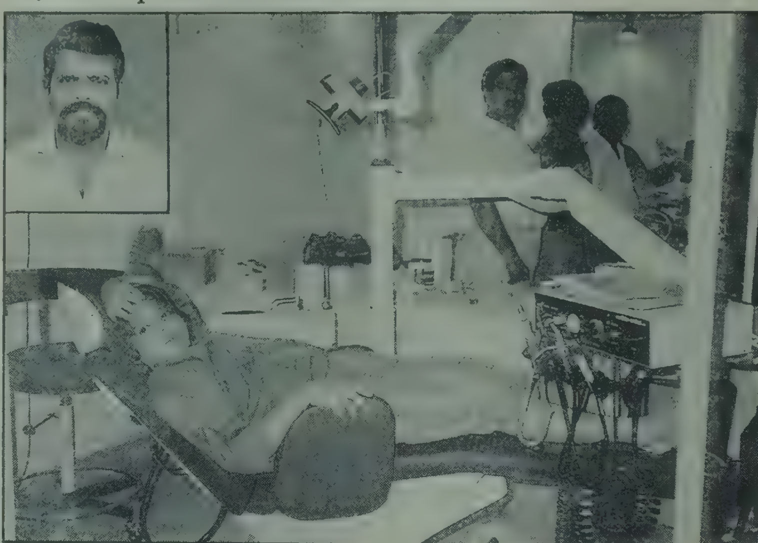
DENTAL EQUIPMENT

TOOTHLESS PROTECTION

A liberal policy on dental equipment import has given local manufacturers a blow in the teeth. "The government is throttling our growth," says B. Subaschandra Shetty, secretary of the All India Dental Equipment Manufacturers' Association.

The industry is nascent. A rough estimate places the number of units, all in the small sector, at around 80, of whom only 20 have some stature. The turnover of the biggest among them is less than Rs 2 crores a year. In 1981, the government permitted the import of a number of dental equipment under open general licence (OGL), but only on the payment of customs duty up to 98%. However, equipment not manufactured in the country was allowed to be imported duty-free by government dental hospitals and private and government dental colleges, charitable and semi-charitable institutions. Those outside these categories had still to pay a 98% duty.


A DENTAL CLINIC. INSET: SHETTY

Killing impact. The director general of technical development (DGTD), operating through four offices, was empowered to issue the so-called non-manufactured item (NMI) certificates, enabling importers to claim customs duty exemption. Then, in March 1988, the customs duty was cut to 40% ad valorem and worse — from the local manufacturers' viewpoint — it was left entirely to heads of the institutions to declare that a particular equipment was not made in India and, therefore, needed importing. A declaration made, the equipment was allowed to be brought in duty-free.

Under the system, virtually anything can be imported. The move, says Shetty, had a killing impact on the local industry while not serving the government's prime objective in liberalising imports: improving facilities for dental care. "Only substandard equipment has been imported from sources like Taiwan, South Korea and Brazil," says Shetty. "The service back-up for this equipment is lacking — and in this business service is crucial." The only beneficiaries were traders and agents of foreign firms and private dental colleges, mostly run on hefty capitation fees. "Some of these dental colleges, now sprouting all over, have no qualms about importing equipment duty-free and selling them in the open market at hefty margins," alleges Shetty, a dental surgeon turned entrepreneur. "It's a regular racket."

No match. Not surprisingly, locally-made products have been no match for the imported stuff in terms of price. Domestic manufacturers have to pay 5-25% excise duty, 10-12% sales tax, 2-4% local tax, and 25-150% duty on imported components (some 30-50% of the components is imported). "When some categories of users can import what they want sans duty, why should they not give us the same facility?" asks Shetty, maintaining that almost all equipment currently being imported is made in India and the quality isn't in any way inferior.

"The only equipment for which total duty exemption needs to be given is dental X-ray with orthophaniograph and cephalo facilities. But if the government still feels there's a case for duty exemption then it should specifically list the equipment for which the facility is extended, and that too after consulting the local manufacturers. The present arbitrariness and lack of control over what use imported equipment is being put to should end," says Shetty.

Solution. The value of dental equipment imported annually is reckoned at around Rs 30-40 crores. As imports are free and liberal, the local industry has hardly progressed. "Knowledge of dental equipment among doctors is limited," says Shetty. "This, plus their innate faith in anything foreign-made, propels them to buy imported equipment which, because of the duty concessions, is also cheaper. Only later do they realise that the equipment is substandard and comes without the crucial service support."

So what's the solution? Shetty and his association are petitioning the government for some concessions. Among them:

- Abolition of NMI (non-manufactured item) and customs duty exemptions on dental equipment, except in the case of dental X-ray equipment imported by institutions.
- Notification of a list of components required for dental equipment manufacture, enabling manufacturers to pay only 25% duty on spares.
- Reduction in sales tax or an increase in octroi subsidy. In the alternative, the customs duty on imported dental equipment should be of a minimum 60% (40% now).

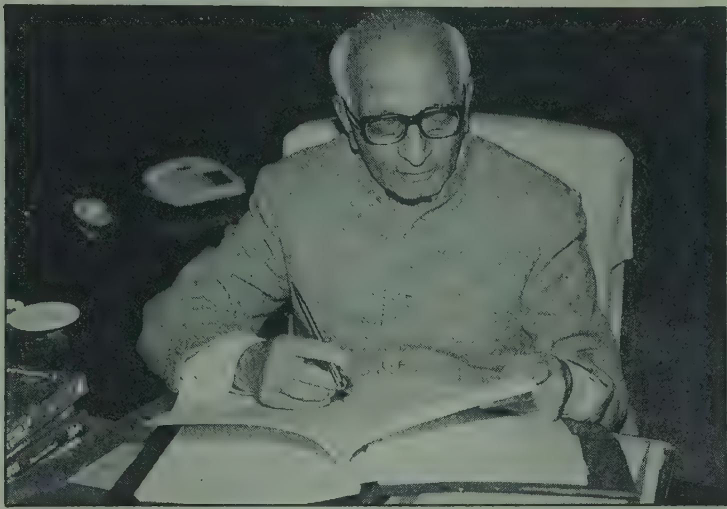
"Unless the government acts and acts quickly, this fledgling industry will die," warns Shetty.

That may be an exaggeration, but it's true that there are not many new entrants in this industry, which requires expert knowledge of the changing requirements of doctors and developments abroad — something beyond the capabilities of current manufacturers. Some units are reportedly on the verge of closure. But given the poor clout of local manufacturers in Delhi — even their association is unregistered — will the government listen?

■ *N. Raghavan*

BUDGET'S FUNNY NUMBERS

So finance minister Madhu Dandavate is done with the budget. But where does that leave the economy? Don't ask him yet — he's still looking for an answer. The French have a wonderfully apt word for this state of affairs — *tatseunment*, or groping. In every sense the National Front government's maiden budget is doing precisely that. It appears to reflect the sorry state of the party itself — apparently rudderless, quite contradictory, absolutely confused and, despite all that, bumbling along — to an uncertain target. Totally lacking in innovation and focus, the 1990-91 budget comes through as merely an annual ritual of raising revenues and advertising the outlays. And to think it refers to the opening year of the Eighth Plan!



DANDAVATE COULD HAVE DONE BETTER

Easily the most striking feature of this budget is the large and continually rising deficit on the revenue account. Barely 10 years back the government was still attempting a containment of the deficit on the current account. Revenue expenditures through the first half of the eighties rarely, if ever, exceeded revenue receipts by more than 5%.

See Dandavate's budget in comparison. Revenue deficits for 1990-91 are being estimated at an enormous 22.5% of total revenue receipts. Arguably, at least on paper, this is marginally better than what his predecessor's regime had managed. After deducting the Rs 2,300 crore accruals from the OCC (oil coordinating committee) Non Tax Revenue head in 1989-90 (to make them comparable), it becomes obvious that the current deficit in 1989-90 was a startling 29% of revenue receipts (see table).

ENJOYABLE HABIT

But the government appears quite unfazed by the enormity of the problem. The unmitigated profligacy that has been the hallmark of its operations in the past few years has obviously become too much of an enjoyable habit to drop in a hurry.

Let's go back for a moment to 1985 and recall that knight in shining armour who put together the long-term fiscal policy and talked with little hesitation about the need for zero-base budgeting. Obviously, now the enormous responsibilities of prime ministerial office will keep him from expressing such irresponsible statements. So what do we have?

Non-developmental expenditures on just three heads — defence, subsidies and interest payments — account for a whopping 41% of total central expenditure — close to thrice the total budgetary support for the central plan. Total non-plan expenditure at Rs 64,343 crores is even more daunting.

TRENDS IN REVENUE DEFICIT

(Rs crores)

	1970-71	1980-81	1985-86	1989-90	1990-91*
1. Revenue receipts	3,342	12,894	27,919	49,954	57,938
2. Revenue expenditure	3,179	13,682	33,484	64,690	70,970
3. Deficit(-)/surplus(+)	+163	-788	-5,565	-14,736	-13,032
4. (3) as % of (1)	4.88	6.11	19.93	29.50	22.49
5. Capital receipts	2,046	7,939	16,763	25,992	29,391
6. Capital disbursements	2,494	9,126	16,135	23,006	23,565
7. Deficit(-)/surplus(+)	-448	-1,187	+628	+2,986	+5,826
8. (7) as % of (5)	21.90	14.95	3.75	11.49	19.82

*Budget estimates
Note: For 1989-90, OCC accruals adjusted in capital receipts to make comparable with budget estimates of 1990-91.

Costs of administration seem to mount in inverse proportion to its quality. Of course, with recourse to sleight of hand, a practice that has become rather commonplace in budget making, administrative costs have apparently been pegged. By quietly reducing the provision for additional dollops of dearness allowance (DA) to a measly Rs 100 crores (against Rs 1,000 crores in the estimates of 1989-90) officials seem to suggest an attempt at cutting administration costs. Explaining this, officials have hinted that automatic grants of DA instalments had robbed the departments of the incentive to cut down on other non-plan expenditure. Are we then to presume that additional DA payments will now be made on a selective basis depending on how well other expenditures have been controlled? That's quite impossible. So let us begin to accept a deficit that is at least Rs 1,000 crores more than what it seems. Add to that another Rs 400 crores of understatement on pensions this time and the apparition starts taking on an even larger form.

Is it at all possible to cut non-plan government expenditure as an alternative? Should we consider starting with a 40% cut on petrol and diesel consumption by all government vehicles? Anyone who has seen even the pettiest of district officials out on inspection in a cavalcade of vehicles will realise why the government is the largest guzzler of precious imported petroleum products.

Or should we consider a serious cutback on government inventories? Pick the armed forces for starters and ask them to cut inventories of indigenously available material to just two years' requirement — by stopping purchases for a year or two!

Might it not be in the fitness of things to figure out the true extent of our defence effort. The budget estimates quite blandly put together a total defence spending figure of Rs 15,750 crores. But add to this defence pensions of Rs 1,500 crores, the Rs 1,000 crore expenditure on para military forces like the Border Security Force (accounted for by the home ministry) and the at least Rs 100

TRENDS IN SHARES OF DIRECT & INDIRECT TAX

		(%)
	Direct	Indirect
1960-61	28.8	71.2
1970-71	22.0	78.0
1980-81	17.6	82.4
1985-86	15.0	85.0
1989-90	21.31	78.69
1990-91*	21.6	78.36

*Budget estimates

crore salted away for special projects of the department of atomic energy and myriad others under the department of electronics, industry and what have you. The total defence effort could well be a mind-boggling Rs 19,000 crores plus in 1990-91.

Normally in an economy like ours, talking of the mounting interest burden is quite unnecessary. A major part of both payments and receipts of interest are intra public sector. In fact if the public sector is defined in a wider sense, the payments and receipts of interest are basically internal cross transactions. Obviously, then, the internal debt trap need not be too much of a talking point.

What is worrisome, however, is the fact that while accruals on the capital account (for which interest is paid) till early in the eighties, were invariably adjusted largely against capital outlays, currently they go to pay more for government consumption.

Another largely inter-sectoral transfer are fertiliser subsidies. Consider that a reduction in the price of natural gas supplied to fertiliser plants by just Rs 17 per million btu could reduce fertiliser subsidies by as much as Rs 250 crores per annum. The mark-up on the price of gas flows to the budget as profits of the petroleum sector and eventually goes back to the fertiliser sector as subsidy.

It is the influence of food subsidies that is arguably the more pernicious. As long as food subsidies represent in some part storage losses due to inefficient handling and transport systems, it is undeniable that they need hardly be as large as they currently are. Equally important, as exports rise with an enormous dose of fiscal palliatives to provide a fillip, a review of conventional export subsidies, however unpopular, is urgently needed.

But all this seems here to stay. And it is obvious that the bureaucracy will not allow cutbacks in revenue expenditure. And yet again there seems no worthwhile move to raise tax revenues significantly. Arguably, of course, the budget projects a near 20% rise in tax revenues from Rs 37,798 crores in 1989-90 to Rs 45,294 crores in 1990-91. But much of the increase is really due to natural growth. In a shy, almost tentative tax effort, Dandavate has sought to raise barely 4% of the total tax collections from fresh imposts and even these are extremely narrow based. Equally disconcerting is the continued dependence on raising resources through indirect taxes, which (by their retrogressive nature) vitiate against the very ideals of social justice that the government periodically pays lip service to.

By raising the exemption limit to Rs 22,000, Dandavate has not quite kept pace with inflation, but he has undeniably managed to fuel the consumer durable boom set off in the early eighties. The million taxpayers that he has helped remove from the taxman's net, along with another fairly large segment who will pay next to nothing in income tax, will provide the boost to the consumer durable industry that has so effectively dented India's balance of payments.

Recent studies have pointed to a significant structural change in the consumption pattern of households. Expenditure on consumer durables (aided and abetted by easy bank loans) has been observed to have grown approximately 15% per annum between 1984 and 1987 and to have accounted for 2.2% of private final consumption in 1987. Now with tax cuts that place greater disposable incomes in their hands, courtesy Dandavate, over a million more people will queue up to keep up with the Joneses.

Even in the attempts at taxing the corporate sector, the budget seems to have more bark than bite. After consideration of all factors, it seems quite obvious that industry has gained substantially from the budget. Never mind all those noises about the scrapping of investment allowance, the fact is that s.32A or 32AB did not ever provide Indian industrialists with an economic rationale for any new project or expansion. The Licence Raj in all its manifestations has helped create, through a cornering of capacities, a sellers' market practically across the board; the investment allowance only aided in moving profitability a couple of notches higher. Industry makes investments based on cold calculations of long term business potential or considerations of strategy — not on the whimsical moves of fickle finance ministers.

But North Block is in no mood to be dubbed anti-industry. Consider for just a moment that for the first time in almost a decade, corporate tax pickings in 1989-90 are going to be below that of personal income tax. And yet corporate tax rates have been pulled down 20%! Practically every exponent of toothpaste technology and cough drop knowhow will benefit.

MORE FOR INDUSTRY

And if that were not good enough, the minimum tax provisions of s.115J have been scrapped. Even as leasing companies convert themselves into zero tax payers and the beleaguered shipping industry starts providing for carried forward losses of the past five years, there will be myriad others seeking out means to admit themselves into the zero tax league.

Of course, there's more from the finance minister's bag of gifts. With the revised applicability of s.80M, the door has obviously been opened up for income-oriented mutual funds. At first sight changed dividend distribution policies necessitated by changes in taxation of intercorporate dividends will mean larger dividend payouts by cash-rich companies which have invested heavily in the equity of other companies or the Unit Trust of India (UTI). It will also mean that runs on the UTI will be decidedly more controlled now. But precisely what are the signals the government is throwing up for corporate ownership patterns? Are the days of frowning upon concentration financially over?

Despite all this, in an arithmetic calculation that has left most analysts

NON-DEVELOPMENT EXPENDITURE

		(Rs crores)
	1989-90	1990-91*
Interest payments	17,710	20,850
Defence (conventional)	14,500	15,750
Defence (other)	2,500	3,000
Fertiliser subsidy	4,601	4,000
Food subsidy	2,476	2,200
Export subsidy	1,775	2,095
Other subsidy	1,824	1,326
Total	45,386	49,221

*Budget estimates.

non-plussed, the finance minister expects to gain an additional Rs 800 crores from the corporate sector in terms of direct taxes. Most quick calculations put the figure for the private corporate sector closer to Rs 250 crores. Obviously some part of the balance is slated to come from the growth in the corporate sector's profits, but the preponderant portion will probably come from the public sector giants like the Oil & Natural Gas Commission (ONGC), who have been spiriting away vast sums under cover of s.32A. The conclusion: the capital markets have little to worry.

Expectedly, for all his socialism, Dandavate has not been so considerate with the masses. Indirect taxes will again constitute approximately 70% of proposed net levies. Leading the wave of new imposts is the price hike on petroproducts which will raise, for the oil companies, over Rs 2,200 crores at current rates of consumption. The government takes Rs 836 crores of these in the form of additional customs duties and the balance via deposits of the Oil Coordinating Committee. That the new hikes will raise freight costs and passenger fares and thus jack up inflationary pressures is not amongst Dandavate's concerns. After all, he has to curb petro-goods' consumption to save the country from the ignominy of the debt trap.

But if the finance minister thinks the demand for petrol in particular is highly price elastic, he's sorely mistaken. Most petrol consumption ends up as tax deductible expense anyway and with today's almost promiscuous depreciation benefits one-car families have turned into multiple-car families — with scarcely any concern for petrol prices. So could Dandavate try a new tack? For starters, decide that that depreciation rate on cars will be only 10% per annum (as against the 50% permitted now) and petrol consumption beyond 2,000 litres per car per annum will not qualify for tax deductions as a business expense.

TRENDS IN BUDGET SUPPORT TO CENTRAL PLAN

(Rs crores)

	1980-81	1985-86	1989-90	1990-91*
1. Central plan	8,994	19,914	35,713	39,329
2. Budgetary support	5,674	12,870	18,234	17,344
3. (2) as % of (1)	63.09	64.63	51.06	44.10

*Budget estimates.

TAX TRENDS

(Rs crores)

	1970-71	1980-81	1985-86	1989-90	1990-91*
Corporate tax	371	1,377	2,865	4,755	6,089
Personal income tax	473	1,440	2,509	5,000	5,426

*Budget estimates.

Quite in keeping with tradition, Dandavate's budget goes on a nit-picking spree. Little bits and pieces of levies and reliefs — more it would appear the effect of artful lobbying than a well thought through taxation strategy — make up most of the balance of the tax effort.

But the concerns lie elsewhere. If tax revenues cannot fund the central Plan, what is the option? External assistance, of course, and to be sure, market borrowings as well. Yet budgetary support for the central Plan has slumped dramatically — from 51% in 1989-90 to a pathetic looking 44% in 1990-91. And to make up for the difference in the book balancing act, the budget forecasts a near 27% spurt in internal and extra budgetary resources of public enterprises. How that is to come about is still a matter of conjecture. But going by past performance, it seems futile to expect the surpluses to result from increased efficiency especially when a hike in administered prices is a much simpler and quicker solution.

So where is the axe going to fall first? Steel, coal, power or aluminium? Is that the reason that most officials fight shy of talking of the inflationary impact of the budget?

If the revenue mobilising proposals don't show too much direction, plan and non-plan outlays appear even more muddled. To all appearances, agriculture and rural development have been big gainers. But look more closely. The budgeted write-off of farm loans is in effect just a net transfer of resources to the banking sector, thus creating a provision for hitherto non-performing assets. Of plan outlays, barely 11.5% goes to agriculture, rural development and irrigation.

And that might fall well short of the requirements for building a self-generating growth sub-system. Dandavate's intentions are understandably noble — as have been those of his predecessors for the past 40 years. Even as he recognises that "our strategy for agricultural development must focus on increasing output ...through greater investment in irrigation and land development ..." he's not coming up with anything novel or unrecognised. And yet, see what he does — over 90% of the plan spending on the agro-rural sector is in the form of revenue expenditure. What of raising productivity and productive asset creation, one may be tempted to query. Arguably, of course, some of the spending on the Jawahar Rozgar Yojana, for instance, will end up creating some productive assets.

Existing income distributive mechanisms, by their very nature, will ensure that the Rs 2,100 crores earmarked for the Jawahar Rozgar Yojana will find itself providing a significant impetus to the growth of the tertiary sector in the rural economy — with leakage to sections of a corrupt administration on the one hand and greater spending on traded articles of mass consumption on the other. More likely than not, therefore, much of these flows intended for agricultural development will probably end up bolstering the demand for consumer durables or even gold. What of agricultural development then?

ENERGY OUTLAY

Energy again lands up with the lion's share of central Plan outlays. At Rs 12,280 crores, the energy sector ends up with just over 31% of the total. But there's scarcely a word about the efficiency of the investments already made or the management of the resources now being marshalled.

What has the government that came to power on a citizen-friendly mandate given us? A budget with a hugely understated deficit; financial arithmetic that raises more questions than it answers; a taxation system that is obviously designed to further oppress the common man; a system of government expenditure that brazenly allows a frittering away of resources by a scarcely committed bureaucracy; plan outlays that don't create much in terms of new assets and resultantly a hugely mortgaged future.

Surely, Mr Dandavate, you could have done better.

■ *Meenakshi Behera*

NEWS BRIEFS

■ Foreign **trade deficit** for the 10 months of 1989-90 has reached Rs 7,140 crores. In this period, imports stood at Rs 29,750 crores and exports Rs 22,610 crores.

■ Ficci has suggested the formation of an **energy conservation cell** to coordinate and monitor the implementation of energy conservation projects.

■ In order to keep a check on the budgetary deficit and control inflation, the Union government plans to **review budget performance** every four months.

■ The **shipping** industry has been slowly but surely looking up. According to the surface transport minister, K.P. Unnikrishnan, gross registered tonnage has moved from 5.5 million in 1985 to 6.08 million in 1989.

■ About 90 **public sector units** (PSUs) have incurred losses amounting to Rs 1,524.09 crores during 1986-87. In a report presented to parliament, the comptroller and auditor general states that at least 56 of these PSUs had accumulated losses which eroded their paid-up capital.

■ In a bid to boost **tourism**, the Union ministry of tourism and civil aviation has decided to drop the restrictions on air charter and allow them to land wherever they can. Besides, it plans to further liberalise the air taxi scheme.

■ The International Rayon & Synthetics Fibres Committee has accused the India polyester staple fibres **(PSF) exporters** of "dumping" goods.

■ About 33 power projects are awaiting environment clearance as on 1 March 1990. According to environment and forests minister Maneka Gandhi, the government plans to issue an **environment policy** statement, for the first time, as part of the national conservation strategy.

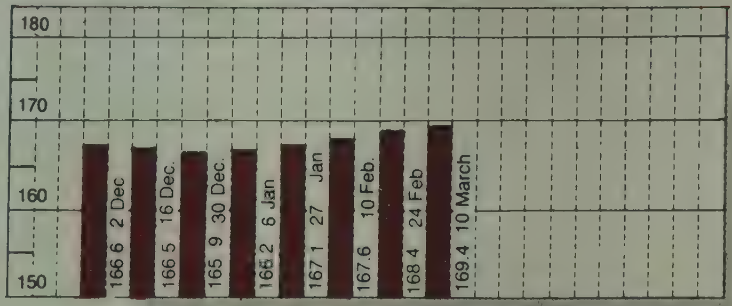
■ The RBI has a new definition for **sick small scale units**. An SSI unit will be declared sick if at the end of any accounting year, its accumulated losses equal or exceed 50% of its peak net worth in the immediately preceding five accounting years.

■ The **port sector** will have to raise a record amount of inter-corporate loans, totalling Rs 200 crores to finance its 1990-91 annual plan. The previous year, the figure was only Rs 75 crores. The increase is due to a cut in budgetary support.

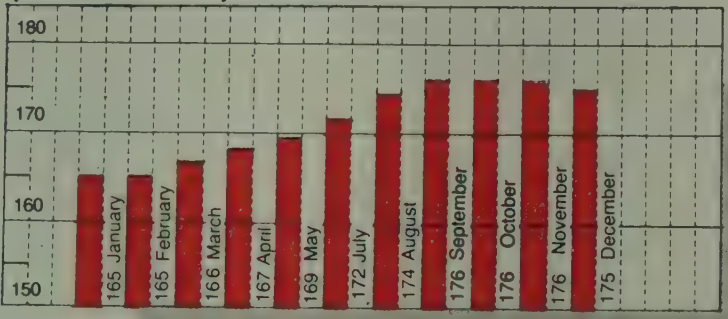
■ The World Bank will provide $200 million (Rs 340 crores) in loan assistance for the development of **national highways** in six states.

Foreign Exchange Rates (Spot) 1990	26 March (Rs)
One P. Sterling	27.70
One US Dollar	17.12
One D. Mark	9.98
One hundred J. Yen	11.00
One Saudi Riyal	4.55
One Kuwaiti Dinar	58.26

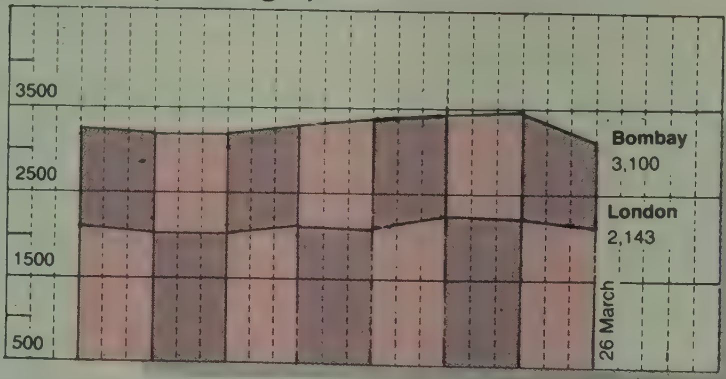
Wholesale Price Index (1981-82 = 100) 1990



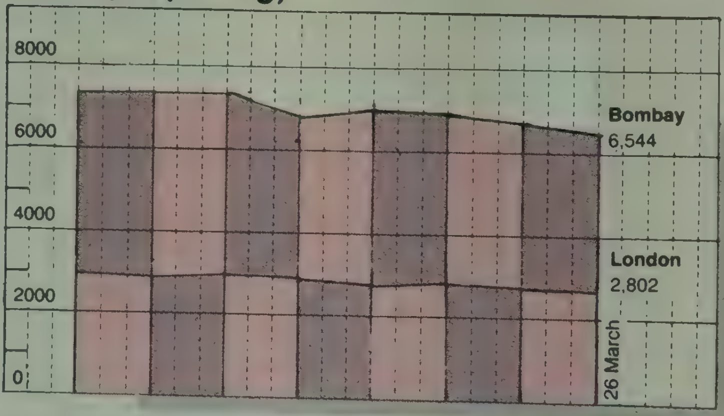
Consumer Price Index for Industrial Workers (1981-82 = 100) 1989



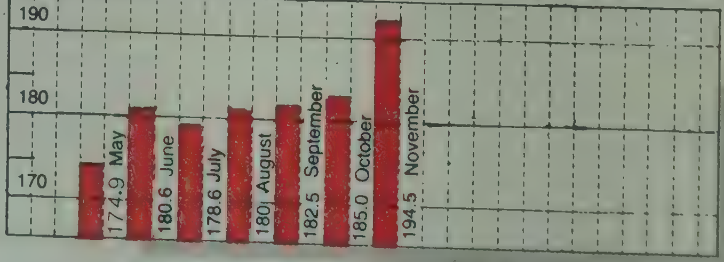
Gold (Rs per 10 gm)



Silver (Rs per kg)



CSO Index of Industrial Production (1980-81=100)



KING OF THE RING

The time is 6 p.m., 22 March 1990. The place, Bombay's Dalal Street. A staccato burst of crackerfire cuts through the general drone of the street to make a point. It's message: Manubhai Maneklal, Badshah of the Bombay stock exchange (BSE), has won. Won what?

Manek won effective say in the running of the affairs of the exchange by getting four of his nominees elected to the all-powerful, 24-member governing board of the BSE. The four — Indravadan Shah, Kamal Kabra, Sunder Iyer, and Anil Mithalal — romped home; even the other three who won re-election were by no means inimical to Maneklal.

"This election has once again proved that Manek is still in command," says Harshad Mehta of Growmore Research and Assets Management and a member of the BSE.

The proof wasn't quite needed, for Manek's status as king of the ring has never been questioned ever since he engineered the ouster of Mahendra Kampani as BSE president in 1988 in a palace coup. Even without the demonstration of musclepower, Manek is a force to reckon with on the trading floor, though he rarely enters it. But when he does, the atmosphere is electrified in the expectation of something big. Manek may or may not have "something big" up his sleeve, but the complexion of trading changes dramatically nevertheless.

YOUTH POWER AT THE BSE HUSTINGS

So why the fireworks this time?

Answer's Manek:"We have got what we wanted — a vote for change."(See interview, p.48). And the change he is talking about covers a range of issues, from removing trading restrictions to slowing down the pace of introducing an online trading system, from regularising pay-ins and pay-outs (i.e. payments on transactions between brokers) to allotting more office space to brokers.

Manek suggests that the old governing board was incapable of addressing these concerns of smaller brokers and jobbers (the people who offer two-way quotes in scrips to make a market). Adds Sunder Iyer, who along with a couple of other Manek stand-ins had put forth a six-point manifesto for fellow brokers to mull over before casting their votes:"We're optimistic about bringing about change." The changes involve several issues, but three of them are very close to brokers' hearts:

■ **Regular settlements and avoidance of special sessions (patawats).** Special settlements are necessitated largely because of the short 21-day notice period that companies give the exchange before closing their books (register of shareholders) for payment of dividend etc. Since book closures mean brokers have to square up their transactions to send shares for transfer to the company, special settlements are needed. This adds to brokers' paperwork. Manek feels that companies should give at least 60 days' notice before book closures so that squaring up can be done at normal settlements.

■ **Slowing down the move towards a computer-based trading system.** Jobbers and brokers' employees feel their jobs will become redundant if computers automatically match bids and offers for securities. Smaller brokers, too, have been worried about the costs involved in computerisation. Manek says he is not against computerisation as such. "I'm saying, let computerisation take place in instalments. I'm against overnight change."

■ **Declaring all traded shares as *pari passu*.** The problem is simple: as companies keep issuing new shares and convertible debentures, the trading is usually oriented towards the older shares in circulation. The oldies quote at a hefty premium (especially if company insiders try to keep prices high when new share issues or rights offers are in the pipeline), but canny brokers shortsell the old, high-priced shares in the sure knowledge that they can deliver the new, cheaper ones when they arrive.

To be sure, there is no logical reason why a new share should not rank *pari passu* with the old ones since they are entitled to all the rights of the old shares with the exception of dividend, which may be paid pro rata. But the market's imperfections militate against this. Manek's solution: the dividend differential can be built into the new shares' issue prices so that they rank *pari passu* with the old ones

MANU AND HIS MEN

An arbitrageur-turned-arbiter. That is one way to describe Manubhai Maneklal, the man who played a decisive role in the just-concluded elections to the governing board of the Bombay stock exchange (BSE). The self-styled defendant of the interests of marginal brokers is, no doubt, an arbitrageur with operations spanning different exchanges, particularly those in Calcutta and New Delhi, but this is just a bit of basic detail. For a clue to the real Manek, one must look elsewhere. His office on the 10th floor of Jeejeebhoy Towers, the BSE building on Dalal Street, is as good a place as any to begin. Not for Manek the clutter of papers and files, the tell-tale signs of any marketman. No clients and no clerks either. But the office exudes power, as does the man. The phone rings. Only one word is spoken by Manek in his reply to the caller: "Yes". End of conversation. No preamble, no concluding remarks.

Manu denies any such pretensions to power. "I am a small-time 'exporter' (arbitrageur) and that's all," he says. Small-time, he is not. But he would like to be thought so and maintains an extremely low profile. Even in his market operations, he rarely acts directly. Instead, a string of half-a-dozen BSE membership cardholders does his bidding. Among them: Nemish Shah of Enam Financial Consultants, R.R. Bohra, Haresh Shantilal, G.S. Damani, D.A. Shah, V.C. Mehta, Parag Parikh and Manek Bhansali. "Some of them are just dummies and the (membership) cards really belong to Manubhai," says a broker.

Nor does Manek actually have to enter the ring to do business. The monosyllabic "yes" in the conversation reported earlier was actually about business. "Without you getting to know, I just concluded a deal worth crores", Manek told *BusinessWorld* later during the interview.

What is the man really like? His well-built frame clothed in a diaphanous, starched *kurta-pyjama*, Maneklal's carriage is confident, his countenance impassive, his diction a rustic Gujarati and his outlook bullish (or sometimes bearish, depending on the developments). Most of his off-business hours are spent in holding *durbars* where an assurance is given or assistance doled out to supplicants and underlings. "He is a natural leader. His ability to bring the exchange members together on a common cause is astounding," says Harshad Mehta of the Bombay-based Growmore Research and Assets Management.

Major breakthrough. Son of Maneklal Keshavlal, a sharebroker and speculator himself, Manek inherited his first BSE card in 1951 just after matriculation. However, his major breakthrough came as late as in 1976, when he was associated with Harkissondas Lakshmidas (HL), a Bombay stockbroking firm and broker to Nirlon's public issue. The company had sought to privately place its shares, fearing undersubscription. Maneklal worked to ensure the success of the issue and hasn't looked back since.

When the same firm went bankrupt in 1983, the field was clear for a solo performance, for Manek had learnt the tricks of the trade. "I learnt that being a loyal bull or bear does not help. The firm (HL) lost heavily speculating in Ordinary (Tisco)," says Maneklal by way of an example. That's an important clue to his market operations. "He can change his positions (i.e. operations in a scrip) overnight," says a merchant banker, who is also member of the BSE.

Manek plays bull or bear depending on the circumstances. "I am not bearish now," he says. (Around end-March, he was known to have bullish positions in Baroda Rayon and a huge short position (bearish) in Reliance. Observes a jobber: "It is very difficult to tell whether he is a bull or a bear."

It suits Manek fine. For he built up his formidable clout precisely by being indecipherable to others. "He was once close to people like Dhirubhai Ambani," says Ebrahim Rangoonwalla of the Bombay-based 21st Century Growth Fund. The market grapevine has it that Ambani support was a major contributory factor to his growing power in the early eighties, but the relationship apparently soured later. The break

WHO'S WHO IN

■ **NEMISH SHAH:** Manu Manek's closest protege. Runs Enam Financial Consultancy Pvt. Ltd., the largest procurer in new issues. Bullish in outlook, Shah is long in blue-blooded scrips like Hoechst and SKF. A staunch believer in fundamentals.

■ **UMESH DHARKA:** An inveterate bull, Dharka is a sharpshooter with one eye on emerging blue chips. One of the first to go for Bombay Dyeing when it was hibernating between Rs 30-50, he's very long in the scrip today.

■ **KAMAL KABRA:** The only chemical engineer in Manek's group. Despite his US degree, Kabra is modest and prefers his mentor's low-profile style. Specialises in client business and *badla* financing. Marketmen see him as somewhat bearish in outlook.

■ **G.S. DAMANI:** A shrewd operator, and like Shah of Enam, a strong believer in fundamentals. A recent success story, he owes his success to operations in Tisco. His operations match Shah's in size.

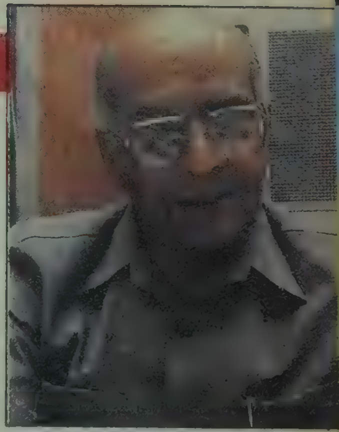
came in 1986-87, when Manek failed to arrest the fall of the Reliance scrip.

However, today Manek is a power centre in his own right. And his success is largely because of his canny speculative instincts, which find him playing the right scrip at the right time. He concentrates mainly on scrips from the prestigious A (specified shares) list. This list is dear to him and at any time of the year, he is heavily into at least one of them — particularly in Super A's such as Tisco, Reliance, Century, Century Enka and Baroda Rayon.

Drawback of success. And much of this business is on his own account. He has very few clients, but the volume of business he logs in any settlement would put all other operators into the shade. His operations now extend to *vyaj badla (badla* financing), where his business is estimated at Rs 5 crores per fortnightly settlement.

Success breeds envy and allegations of hanky-panky, and Maneklal is no exception. His detractors maintain that Maneklal a hard- core speculator who has no interest in the well-being of the market. Replies Maneklal: "Speculation is integral to any stock trading anywhere. Even scrips that are traded for delivery are based on speculation on a company's future."

But Maneklal's do-gooder role has endeared him to many marketmen. The orchestrated ouster of Mahendra Kampani in 1988 "to protect jobbers from becoming extinct," his ability to collect Rs 58 lakhs in just five days for a hospital project in Bombay, his help to defaulters on the BSE, and his offer of a personal guarantee a few months back for the payment of arrears amounting to Rs 1.75 lakhs to the BSE brokers' employees (on which issue employees had brought trading to a halt) are some of the do-gooding he has to his credit. "Maneklal knows the art of playing to the gallery," says one BSE broker. His role in suspending market operations on 31 October 1984, the day Indira Gandhi was gunned down, is certainly an example of his hands-on approach to crisis-management. "Had he not stepped in, the bears would have left the market in a shambles," says Dinesh Vohra of Champaklal Investment & Financial Consultancy. Perhaps, he is just a plain operator, as he claims. But the market knows differently, for it pays due to heed to Manu's Law.



DESAI: BROKERS TO BLAME FOR SETTLEMENT DELAYS

and save brokers unnecessary paperwork.

It was issues such as these that gave Manek a good handle to nudge the recent BSE election in favour of his nominees. But beneath all the apparent causes there are undercurrents that have as much to do with defending petty vested interests as with brokers' genuine grievances.

Take computerisation. While there is no denying the job and cost-related concerns of jobbers, brokers and their employees, it is also a fact that online trading will significantly improve reportage of actual deal prices on the trading floor, something that brokers would like to keep under wraps, to the detriment of their clients' interests.

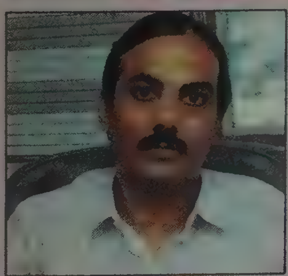
STONEWALLING POWERS

A connected issue is the possible entry of the financial institutions as members of the stock exchange (the Calcutta and Delhi stock exchanges have already allowed them in while the powers that be at BSE continue to stonewall). The unstated fear is that a Unit Trust of India can afford to go the whole hog and put up trading terminals everywhere and hook up with the BSE's own online system. This could eat into the operations of all small-time brokers and arbitrageurs, of whom Manu Manek is the biggest (see box, p.46).

But Manek doesn't agree that the fight is about defending his interests. "I'm well off. My fight is against the existing system of delays and irregularities. The crusade is for protecting the interests of one and all in this exchange."

Patawat (settlement) delays come on top of Manek's list. It is common knowledge that the official settlement cycle (14 days) exists more in name than reality. "It takes virtually another cycle of 14 days for realising the proceeds of shares sold and for effecting deliveries," says Shailesh Shah, a leading jobber. As against that, settlements take place every 10 days in Ahmedabad, as also in Delhi and Calcutta. "If Cochin can have a seven-day settlement, why should it take 45

MANEK'S GROUP



■ **MANEK BHANSALI:** A close Manek ally. Bhansali's trading card is rumoured to be actually Manek's. A clear thinker and sharp analyst, Bhansali is a good investment advisor and liked by all.

■ **SUNDER IYER:** The latest to join Manek's coterie, Iyer began life as a sub-broker. Now one of the top BSE brokers, he's computerised his operations. Has a strong presence in southern scrips like Sakthi Sugar, Bannari Amman Sugars etc.

■ **SHAILESH SHAH:** A stakeholder in D.A. Shah & Sons, Shah is a big player in cash scrips. A jobber basically, his interest spans over 200-and-odd cash scrips, so large as to earn him the nickname *magarmach* (alligator). Manek sometimes operates through Shah's card.

■ **RAMRAKH BOHRA:** Popularly known as RR, Bohra is a big-league arbitrageur. His is one of the cards Manek operates through.

"I'M NOT FIGHTING FOR PERSONAL GAIN"

In the noisy precincts of Jeejeebhoy Towers, home to Bombay's assorted range of bulls and bears, his name is heard only in whispers, if at all. But heard he is, with awe and trepidation. When Manubhai Maneklal speaks in his weighty, husky voice, the market listens and takes its cue.

It would perhaps be stretching the truth somewhat to say that the market dances to his tune; but it certainly does tap its feet to his beat. Not for nothing is the greying, 58-year-old Maneklal known as teji ka badshah *(emperor of bulls). He has been called many other things as well (Kingmaker and King Cobra, among others), but he has lived up to them. In 1988, when Manek decided that he had had enough of the then president of the Bombay stock exchange (BSE), Mahendra Kampani, the latter was duly ousted at the next BSE elections. This year King Cobra struck again, this time to get his own nominees elected to the BSE's governing board (four of the six who romped home were his men).*

Who is Manu Manek and why does he matter?

He is basically a behind-the-scenes operator on the BSE, the nation's biggest stock arbitrageur (or line operator, who takes advantage of price differentials in the same scrip between different exchanges) and, above all, a man who loves playing godfather to the younger and more dynamic sections of the broking community.

In his second-ever interview to the press (the first one was to Business-World *as well), Manu Manek talks about his role in the BSE governing board elections and other issues. Excerpts:*

■ On what he has been fighting for.

Regularising pay-ins, pay-outs and settlements between brokers, computerising in phases (i.e. not in one shot) and that, too, not for direct trading, enforcing the BSE's listing agreement with companies, enforcing the *pari passu* clause in letter and spirit (explained in main story), doing away with trading restrictions, and allotting adequate office space to stock exchange members.

■ On whether all these issues relate to his self-interest.

I am not a speculator, heading a bull or bear group, as the press has been reporting. I am just one of the 'exporters' (i.e. arbitrageurs) in the (Bombay stock) exchange. I am not fighting for personal gains, but for the rights of marginal brokers and investors. How else can you explain my plea for a quick and efficient settlement system? The present (trading) system benefits only inefficient and selfish brokers.

■ On whether that was enough justification for him to pack the BSE governing board with his own men.

I didn't put up any candidate (in the recent elections to elect six members to the BSE governing board), but I extended my support to the young and talented who see issues in the right perspective. I was merely an instrument in bringing together brokers who have solutions to the basic problems of the exchange. The four candidates (i.e. Manek's nominees) who won would have won anyway.

■ On the charge that his lobbying only generates groupism on the BSE's governing board.

Let us not call it a group, but a coming together of like-minded brokers who were tired of waiting for solutions. Concerted action was needed to solve the pressing problems of brokers.

■ On his role in the ouster of Mahendra Kampani in 1988.

Though he is a good man, I had to see that he did not continue as BSE president: he was not receptive to the views of small brokers and his dreams were farfetched (the reference is to Kampani's plans on computerisation). Moreover, his role in the Bombay Silk Mills' incident (see main story for details) convinced me that he should go. I had to do it (i.e. seek Kampani's ouster) in the larger interests of brokers. The reports that I disliked Kampani's moves on computerisation are baseless.

■ On whether the computerisation plan will affect arbitraging (Manek's basic business).

Not at all. The proposed online system is for handling intra-exchange procedures — delivery, settlement etc. The other exchanges are unlikely to have such a system for a long time so how does the computerisation affect me? The issue is: why should one go in for a complicated system when there are simpler solutions available. I'm saying, let computerisation take place in instalments. I'm against overnight change. Marketmen must be given time to adjust to the change.

■ On who should be BSE president now.

We want G.B.Desai (the present incumbent) to continue. It was during his tenure that the Bombay stock exchange sensitive index climbed from 450 to 800 and the volume of business has grown. The issue (in the recent elections) was not who should be president, but who was capable of representing the larger interests of brokers, jobbers and arbitrageurs. We have got what we wanted: a vote for change.

days here sometimes?" asks another Manek supporter, G.S.Damani.

One of the reasons for the delays is the frequent breakdown in BSE's central computer, which records the deals. Pipes in Manek: "That's why I say that the existing computers must be maintained well before jumping into something fantastic like online trading".

Hogwash, says Mahendra Kampani, a strong votary of computerisation and former BSE president who has no love lost for Manu Manek. "It is Manek who has been responsible for settlement delays on every occasion. His positions (i.e. transactions that are yet to be squared up) are large and the delays are to his advantage," he says. Adds Govindbhai Desai, the incumbent BSE president and certainly no Manek crony: "To have settlements on time, brokers must submit their papers on time. When you have recalcitrant brokers not adhering to schedules, what can be done?"

CLANDESTINE OPERATION

Compounding the problems is the factor of *chalu upla*, an illegal carryforward of transactions beyond the 14-day time limit (for scrips in the cash list), and beyond the Rs 2 crores turnover limit for scrips in the specified list (the limit is now upto to Rs 3 crores). "With computerisation, *chalu upla* will stop," says Kampani. (In *chalu upla*, transactions in a scrip are recorded as bought and sold in one settlement, but the entries are reversed at the start of the next settlement, thus continuing the carryforward clandestinely even while enabling the brokers concerned to avoid paying the margins imposed by the BSE authorities.)

While not denying the existence of such malpractices, Manek says the issue is not *chalu upla* but the cost of computerisation. Brokers are expected to pay Rs 2.50 for every Rs 1 lakh worth of transactions to partly finance the computerisation. If online trading is to be introduced, the governing board proposes to double the levy to Rs 5.

The levy has been calculated on the basis of a payback period of four to five years (for the cost of hardware etc), but Manek feels that the online system can be financed even with the existing levy of Rs 2.50 if the payback period is calculated on the basis of 10-11 years. The net result will be to slow down the computerisation plan, but Manek would shed no tears over that.

The election of the Manek group to the BSE governing board will ensure that the pace of computerisation is set by his coterie, but there is not much certainty about his being able to dictate terms on the avoidance of special settlement sessions occasioned by companies announcing book closures. Though under the law book closures have to be announced 21 days in advance, special sessions still have to be held post-haste to help brokers square up their open positions and send securities for transfer. This obviously adds to brokers' headaches. That's why Manek's manifesto, which talks

BOARD POWER

Govindbhai Desai calls it "the most democratic body in the stock exchange." But this statement of the Bombay stock exchange (BSE) president about the governing board is perhaps a more telling comment on the arbitrariness of the other decision-making wings of the exchange rather than the democratic traditions of the board itself.

Democratic it may or may not be, but powerful it certainly is. The BSE governing board enjoys sweeping powers to decide on all matters concerning trading and the exchange; it can choose to wield the axe or the broom. If it is the former, erring members can get the chop; if the latter, their misdemeanours can be swept under the carpet. The board's say is absolute in the interpretation of the exchange's bylaws and its actions are unchallengeable in matters relating to administration and the conduct of members' responsibilities, including the latters' relationships with third parties. "The governing board's decisions are final and binding on members and their clients," agrees Desai.

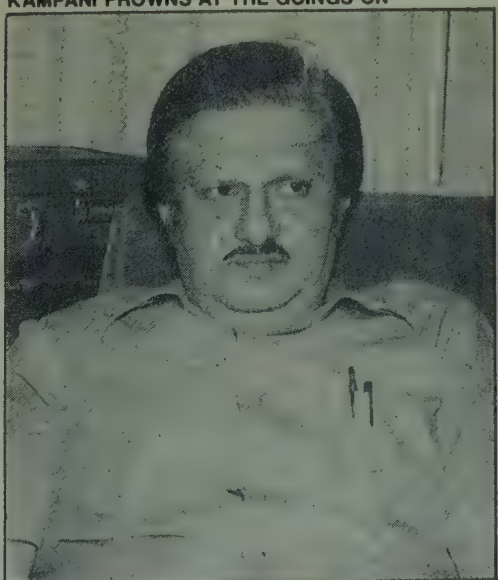
The board has 16 elected members and eight nominated ones (three by the Union government, one by the Reserve Bank, three public figures, also government-appointed, plus one executive director, who is a government man). About one-third of the elected members retire by rotation every March and they are, in turn, replaced by members freshly elected by the BSE's general body of around 500-plus membership cardholders (only around 450 of them are active). The nominated members hold office at "the pleasure of the government," adds M.R.Mayya, executive director.

The exchange itself, however, functions at the pleasure of the governing board. Hence the jockeying for places on it. Among other things, the board controls the admission and expulsion of members, arbitrates, investigates and adjudicates disputes, and plays judge to erring members. "The board can suspend the operation of any rule and the exchange authorities cannot alter its resolutions," says Mayya.

In other words, the board has wide leeway in the exercise of its powers. It chose to get tough with member Ghanshyamdas Biyani for overtrading in Tisco some years back, but a similar speculative binge in Reliance in the early eighties by an anti-Ambani coterie of bears drew little action. True, the coterie got its comeuppance when Ambani played bull in his own scrip and demanded deliveries, but that is another story.

What is relevant though is the board's power, which is exercised through various committees: the arbitration and defaulters' committees, the bad delivery committee, the floor committee, the labour committee and the building committee. Control of these committees means control of almost all levers of power in the Bombay stock exchange.

KAMPANI FROWNS AT THE GOINGS ON



TO KEY OR NOT TO KEY

No issue has divided the broking community more. Ever since the Bombay stock exchange (BSE) authorities unveiled plans to computerise trading with an online processing and trade capture (OLTC) system, bugged brokers have been busy backbyting. So much so, that the war between pro- and anti-computer lobbies has seen the ouster of one BSE president (Mahendra Kampani in 1988), endless trading downtime precipitated by threatened jobbers (who offer two-way quotes in scrips) and brokers' employees, and more recently a bitter fight for election to the BSE's all-powerful governing board.

Till nine months ago, computerisation seemed to be the exchange authorities' favourite baby. The basic idea was to go in for an OLTC system so that trading information can be reported and accessed continuously through computer terminals installed in the trading ring and supported by a mainframe. Brokers hooked onto the system could thus get information through desktop computers in their backoffices. (Under OLTC, bids and offers for purchase and sales are punched into computers and also automatically matched, thus doing away with the current "outcry" system in which brokers and jobbers use lungpower to cut deals.)

MAYYA, BSE CHIEF DESAI (R) & KAMPANI (PARTLY HIDDEN) MAY HAVE TO GO SLOW ON COMPUTERISATION

Original gameplan. Under the original gameplan, 150 terminals were to be planted in the main trading floor to handle deals in all listed securities. "The time framework (to install the hardware) was four to five years," says M.R.Mayya, BSE executive director. CMC was roped in as consultant for the job and three international companies (IBM, Digital Equipment Corp. and Tandem) were shortlisted, adds V. Shankar, BSE's systems manager.

But now, of course, the timeframe has been bent out of shape. The resistance of computerisation began some years back, when several interests felt threatened. The resistors were mainly jobbers and brokers' employees, who saw computers as job robbers. Some marginal brokers, too, were concerned about the costs involved. The brokers' staff then began a series of agitations, often forcing delays in settlements.

At which point, enter Manu Manek, champion of these various causes. Out went Mahendra Kampani as BSE president in 1988 and in came a bunch of "computer moderates" two years later (see main story). Recalls Kampani: "It all happened suddenly. Something went wrong somewhere."

Is it then the end of the road for online trade capture?

Not quite,but it's certainly not all systems go. In a bid to accommodate all views, the exchange has blueprinted a new arrangement for step by step computerisation. "The system will be implemented in three stages," says Shankar. Listed securities will be classified into three groups — hyperactive, active and the rest. Of the 150-200 stocks that form the active and hyperactive lot, the hyperactive 20% (accounting for 80% of total trading volume) will be kept out of the OLTC system in the first phase. The rest will be open both for "outcry" and computer-assisted trading. Only the least active scrips will be fully online, enabling brokers to continue with their familiar outcry system in all the scrips that matter (i.e. the hyperactives).

Clear victory. This is a clear victory for the anti-computer lobby, though Manu Manek claims that he is not against computerisation as such but only the pace at which it was being implemented. "I'm against overnight change. Marketmen must be given time to adjust to the change," he says.

Left unstated, though, is an even more basic reason: computerisation would eliminate all chances of hanky-panky. Among them: under or misreporting of transactions in the ring, doctoring price information to the advantage of a coterie of brokers at the cost of clients, etc.

But these are essentially petty concerns. Says Shankar, pointing to the long-term picture: "Online processing will enable members to operate efficiently and take in more business, which could in fact generate more employment." True, the nature of employment would be different, for computer literacy will be important. But the BSE is already taking steps to sponsor a nine-month training and orientation programme for brokers' staff.

"With the possibility of better service to investors, more business to members and the prospects of the exchange itself earning more by selling its data, why this dilly-dallying on computerisation?" asks Kampani.

The answer: brokers have still to reconcile their short-term losses against future gains. Meanwhile, the dilly-dallying has had one negative fallout: the cost of the revised computerisation proposal has doubled from Rs 12.5 crores to around Rs 20-25 crores.

of doing away with special settlements, struck a responsive chord.

But there is one small problem. It is not something the BSE governing board can do anything about, except by sending letters to the government. And that is what Manek promises. "We will write to the finance ministry asking them extend the notice-period to 60 days."

Desai, however, believes that special settlements could not have been a cause celebre for "it is in the interests of both buyers and sellers to square up." In any case, the BSE governing board had already written to the government to extend the notice period to 42 days. Adds Kampani: "Special *patawats* are no doubt a great burden for brokers, but there is no solution to this."

If special settlements are a necessary evil, most brokers are concerned that companies do not adhere to the stock exchange's listing agreement. Among other things, the listing agreement specifies that companies should respond to requests for share splits, transfers, etc. within a reasonable timeframe. "These are not enforced as rigorously as they should be," observes Sunder Iyer.

M.R.Mayya, the BSE's executive director, disagrees: "We write to erring companies and take the necessary action. We did it in the case of Oswal Agro. However, the exchange has some infrastructural limitations."

COMPLEXION ALTERED

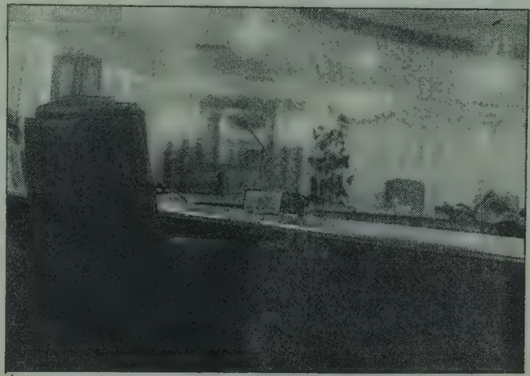
Manek doesn't see it that way. According to him, the old governing board didn't have people with voices that could be heard. That's why nothing was being done about brokers' grievances. Now that the complexion of the board has been radically altered with younger members being sent in, courtesy Manu Manek, things will presumably change. One of these could be the board's approach to the *pari passu* clause.

Manek is an extremist on the issue. "We want all shares to be *pari passu* in all respects — dividends, rights, bonus, everything," he says. That means, all shares, old or new; should be bought and sold at the same price, with matters like dividend and other entitlements being adjusted. "If necessary, at the time of a rights or a public issue, the premium amount can be adjusted in the issue price so that even the new shares can be paid the same dividend," suggests Manek.

Kampani sees no prospect of that. "What they are suggesting is that the company will have to pay full dividend on all shares, which companies will not agree to."

Nevertheless Manek has a point. For the existence of two classes of shares makes it easy for brokers or company managements to rig market prices, especially before a public issue (Last year's mega issues were all witness to such manoeuvres.). This can be done by the simple expedient of buying up old shares, thereby propping prices. Adds Manek: "It is easier to rig up the market in old shares than in all shares."

Having two classes of shares also gives rise to other sharp practices. For example, some brokers who sold Larsen & Toubro shares last year didn't deliver them for two months or more till new shares were available on the conversion of bonds. The buyers refused to accept them because the converted shares didn't rank as equal to the old shares. Says Manek: "Had they been *pari passu*, deliveries could have been accepted."


BSE'S BOARDROOM: MANEK'S MEN HAVE GOT IN

The *pari passu* factor was in fact a major cause of the rupture with Mahendra Kampani in 1988, when Manek campaigned for his ouster as BSE president."I had to see him out as I didn't like the way he handled the issue," says Manek now.

The company concerned was Bombay Silk Mills (Bosimi), on whose board sat Kampani. Around end-1987, Bosimi's old shares were being quoted around Rs 110 while new ones were quoting far below, at Rs 60. In the absence of *pari passu*, brokers shortsold old Bosimi shares in the knowledge that the new ones would be cheaper to buy and square up. The grapevine had it that sources close to the Bosimi management were playing bull in the scrip and demanded deliveries, but the shortsellers were unable to do so. Two auctions were held to ensure deliveries, but the shortselling by brokers continued. In the end, the BSE's governing board stepped in and announced that deliveries would be made at the rate of Rs 88 per share. If yet another auction had been held, the share prices would have zoomed beyond Rs 125. According to Manek, the whole unsavoury episode could have been avoided if Kampani, who was on Bosimi's board anyway, had merely asked the company to declare the new shares as *pari passu* with the old.

The Bosimi issue is, of course, an old story, but Manek's hope is that the new blood injected into the BSE board following the elections will make it less lethargic in its reactions to market events. One thing that particularly rankles is the board's arbitrary approach to overtrading and penalties. Says Manek: "Strangely, penalties and punishment are for the general members, not the governing board."

An example is that of Bharat Bagri, an arbitrageur. Bagri was asked to square up his purchase position of over Rs 1.25 crores overnight when, in fact, everyone knew that if he did so, the market in the six A group scrips concerned would have collapsed. Bagri had, in fact, already squared up in Calcutta and so the question of his squaring up in Bombay was only a matter of time. But the BSE board didn't give him that. Says Bagri: "I did not protest against the governing board's biased decision. I just resigned (from the board)."The bias he is referring to is the fact that some of the board members too were involved in his deals, but nothing was done to penalise them.

It is this vein of discontent in the broking community that Manek tapped to rout his opponents in the March elections to the governing board. "In 1988, the vote was mainly against Kampani, but this one was for total change," notes Harshad Mehta of Growmore (quoted earlier).

Perhaps. But one thing looks unchangeable in the short run. And that is the clout of the man who is orchestrating change. Manu Manek.

■ *A.H. Ghani*

THE AGE OF STORAGE

Convenient storage and easy retrieval of digital information has remained a challenge ever since the computer was invented. Today's technologies include paper, microfilm, magnetic tape, floppy diskettes, compact disk read-only memories (CD-ROM) and write-once read-many (Worm) optical disks. Worm disks have a problem that they can be written on only once and the data stored is unerasable. However, with the introduction of erasable optical disk drives, this difficulty has been erased.

Erasable magneto-optic disks combine the erasability of magnetic media with the high capacity and permanence of optical media — in effect combining the best of both. A 5.25-inch magneto optic disk of 650 Mb (megabytes) can store up to 1,000 times more information than a floppy diskette. In other words, a single cartridge is enough to store the entire Encyclopaedia Britannica. High capacity and portability apart, erasable magneto-optic disks provide random access to information in a fraction of a second as against minutes or even hours in the case of tapes or microfilms.

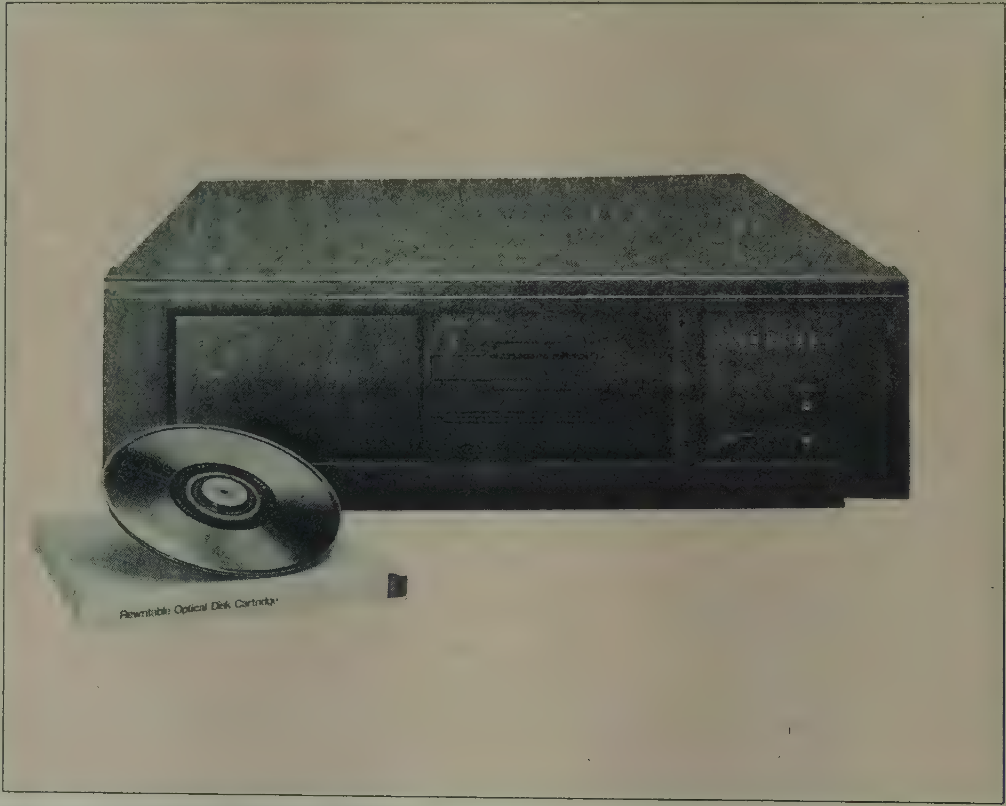
"The technology is new to India and there are a lot of doubting Thomases," says B.R. Raghav, a director of the Bangalore-based Arete Digital Information Systems Pvt. Ltd. His company has an arrangement with the US-based Alphatronix Inc. for distributing erasable optical recording systems — branded Inspire. These are designed to support workstations and personal computers.

"Our market focus is on R&D labs, public sector enterprises, and some key government institutions," says Raghava. Currently he is importing the erasable optical recording systems directly from the US as users in the government sector and recognised R&D institutions are allowed total duty exemption. The customers list: Centre for Development of Telematics (C-DoT), Hindustan Aeronatics Ltd. (HAL), CMC and the National Remote Sensing Agency. "With the workstation market likely to expand, there would be more users of secondary storage space, giving our products a shot in the arm," says Raghav.

Arete's Inspire series is available in many configurations including desktop, rackmount and floor tower. Customers can order a 650 Mb single-drive unit or a 1300 Mb dual-drive unit; a 16 or 35 gigabyte (Gb) jukebox configuration is also available. Inspire can be connected to Digitan, Sun, Macintosh and Integraph workstations, or IBM PC XTs, ATs, Compaq, and most IBM-compatible personal computers. "Though having random access times measured in milliseconds, optical disk drives do not have the major drawback associated with Winchester drives — head crash, down time and data corruption. Also, removability of the media is a major advantage, providing portability, flexibility and security of data," says Raghav.

With erasable magneto-optic disks, the reading, writing and erasing are done with a laser beam that does not touch the surface of the disk; which means longer life and higher reliability than tapes or floppy disks. The magnetic layer that stores the information is embedded within a 1.2 mm layer of plastic or glass that protects it from dust, wear, and other problems that plague conventional magnetic recording techniques, including accidental erasures due to stray ambient magnetic fields. Their large storage capacity makes optical disks an ideal platform to convert existing records into structures of related knowledge and configured as cast databases.

Since September last year, Arete has recorded over $80,000 in sales. Each erasable optical disk drive costs $8,000 (Rs.1.36 lakhs), that is, one-and-a-half times the price of a Winchester disk drive of comparable capacity. In the absence of duty concessions, the private sector has so far not shown any appreciable interest. According to Raghav, he would like Arete to graduate to the manufacture of sub-systems and "integration of sub-systems to other computing platforms." But first a market for optical disks will have to be created; demand for erasable optical recording systems is bound to follow.



WILL ARETE'S INSPIRE INSPIRE BUYERS?

■ *N. Raghavan*

eastern Europe as a destination for the chic and the moneyed was confirmed.. In the same month, the *New York Times* touted East Berlin, Prague and Budapest as the "hot destinations" of the east bloc. West German tourists, already the most travelled in the world, increased their bookings to East Germany in the first few weeks of the year by 30%.

Sluggish demand. While demand in the UK for holidays to Mediterranean sun-spots remains sluggish, the high interest rates are giving those consumers with savings significantly more disposable income. Increasingly, they seem prepared to spend it on exotic holidays. "These people are looking for fresh experiences and are not worried about the cost too much," says a leading travel agent. "And where is a more novel experience than eastern Europe at the moment?"

Most UK travel agents report that Berlin is the east European destination most in demand. But visitors to East Germany will have to be prepared to rough it a bit at first. While campers and caravaners will be in their element, hotel accommodation of western standards is scarce and mostly confined to the expensive Interhotel chain, which insists on payment in deutsche marks.

Apart from East Berlin, much of the growth in travel to eastern Europe has been to Poland and Czechoslovakia. Hungary, however, is reported to be attracting more ordinary tourists than other East European countries. Travel experts also see the Soviet Union as having considerable tourism potential. "I think Moscow is a bit limited for tourists," says Jonathan Bodlender, managing director of the Horwath and Horwath hotel and leisure consultancy. "But combined with Leningrad it makes a very interesting holiday," he adds.

Says Stephane Visconti, of Club Med, "There will be demand for east European destinations, but we have to propose more original products, with the emphasis on the cultural aspects, more than on the traditional Club Med atmosphere." Havas Voyages, the leading French travel agent, added eastern European destinations to its own catalogue last September, before the upheaval in these countries, but a spokeswoman admits that this was more by luck than premonition.

Americans attracted. Meanwhile, Americans are flocking to eastern Europe in ever-increasing numbers. The trend started in the mid-eighties, when fears of terrorist attacks scared many American tourists away from their more traditional western European haunts.

"There is particular interest by people who saw the part of the world close down. Everyone wants to be part of it," says Bobby Ann Shapiro, of the Four Winds Travel company, which has been taking Americans to the Soviet Union for 20 years. The company's average traveller is "50-plus, well-travelled and well-read," she said. While the region is attracting a large number of American students eager to witness the political changes, guided tours remain the domain of the affluent. "Because of the price of travel, we target households with incomes of more than $50,000 (Rs 8.5 lakhs)," says Cesar Virina, manager of advertising for the New York-based General Tours.

Virina expects the number of people taking tours of eastern Europe to grow by 20-25% by the end of this year and to keep growing over the next few years, before levelling off. General Tours expects a lot of repeat business once people realise that the East is as interesting as the West, and less expensive. — *Financial Times.*

NEWS BRIEFS

■ **Fiat,** Italy's largest company has decided to suspend production at some of its factories, because of a strike by truck drivers which had cut supplies of parts and raw materials.

■ **Alfa Laval,** the Swedish dairy equipment and process engineering group, has reported a 34% increase in profits to SKr 1.4 billion (Rs 384 crores) in 1989.

■ Sales of **Christies International,** the auctioneer, last year passed the £1 billion mark for the first time reflecting the continued buoyancy of the art market.

■ **Chrysler** has signed a final agreement with the Austrian government and Steyr-Daimler-Puch, the Austrian automotive and engineering company, to form a joint venture vehicle assembly company in Graz.

■ **Volkswagen** of West Germany and **General Motors** of the US are planning an ambitious car production joint venture in East Germany.

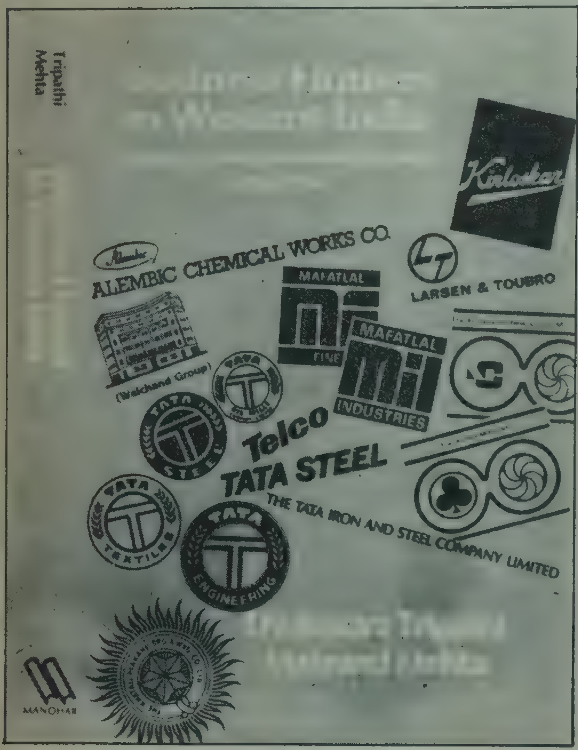
■ **Glaxo** of the UK, has received permission from UK and French authorities to market a new drug, **Zofran,** for treatment of cancer patients.

■ Hilmar Kopper, spokesman for the board of directors of **Deutsche Bank AG** has mooted a monetary union between East and West Germany, as it will have a "liberating effect" and will also "accelerate considerably the necessary comprehensive reforms in the GDR."

■ Several employees of **Drexel Burnham Lambert** have entered into an agreement with **American International Group** to form a trading and marketing joint venture. American International is one of the leading insurance organisations in the world.

■ **MCA,** the big Hollywood entertainment conglomerate, has signed an agreement to acquire **Geffen Records** and its related music publishing businesses.

WHAT MAKES AN ENTREPRENEUR?



(By Dwijendra Tripathi & Makrand Mehta; Published by Manohar Publications; Price: Rs 175.)

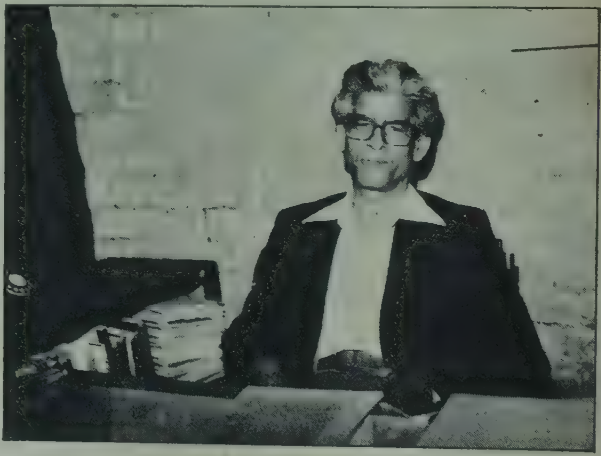
Why are some people consumed by an urge to build corporate empires while others prefer the security of a nine-to-five job? Why do some people possess the ability to think up successful money-making schemes while others do not? Are business leaders born in business families or can anyone become an industrial tycoon?

These are just a few of the perplexing questions which two Ahmedabad-based professors have tried to answer in their book *Business Houses in Western India — a study in entrepreneurial response, 1850-1956.* The two authors are well qualified to undertake such a study: Dwijendra Tripathi heads the department of business history at the Indian Institute of Management, Ahmedabad, while Makrand Mehta teaches history at Gujarat University.

Entrepreneurship means something different in the Indian context. It requires quite another approach to understand it

Nonetheless, the two erudite professors have undertaken a Herculean task. The question of why some people are fired with entrepreneurial dynamism while others are not has baffled generations of economists, psychologists, bankers, industrialists and historians.

Distinct definition. In their pursuit of elusive answers to enigmatic questions, Tripathi and Mehta begin by offering a distinct definition of what "entrepreneurship" means in the Indian economic environment. For as Tripathi says "entrepreneurship is too complex a phenomenon to be explained by any single set of factors since the motivation for economic achievement is embedded in a multiplicity of mutually interacting influences which defy neat categorisation."



CO-AUTHOR DWIJENDRA TRIPATHI

Initially the book surveys the existing literature on entrepreneurship but rejects several widely accepted definitions and characteristics as being overly westernised and incomplete in the Indian context. Using a "multinational" approach, Tripathi instead offers a possible alternative. To understand Indian economic entrepreneurship, he suggests a new scheme which defines entrepreneurship within a constellation of forces which work together on an individual and which encourage him to display an entrepreneurial response to business opportunities.

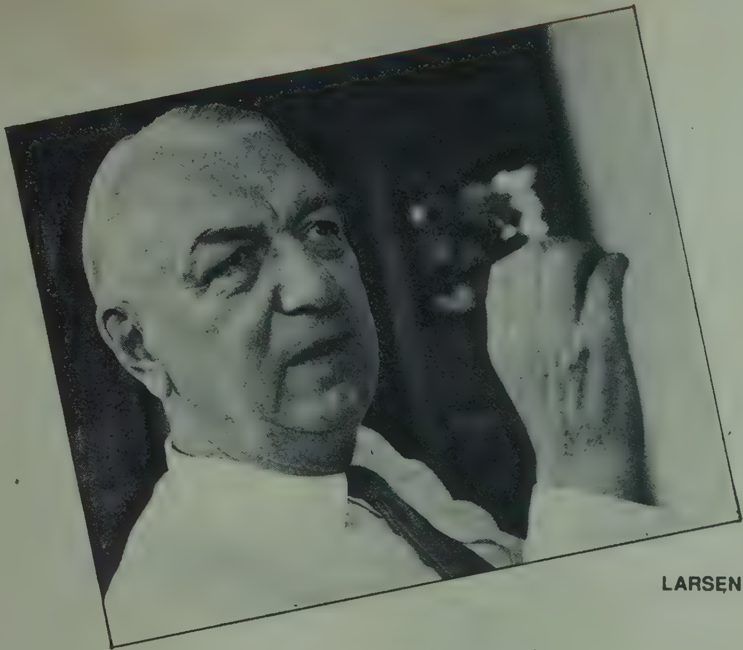
According to Tripathi, the major constituents of this constellation of forces include:

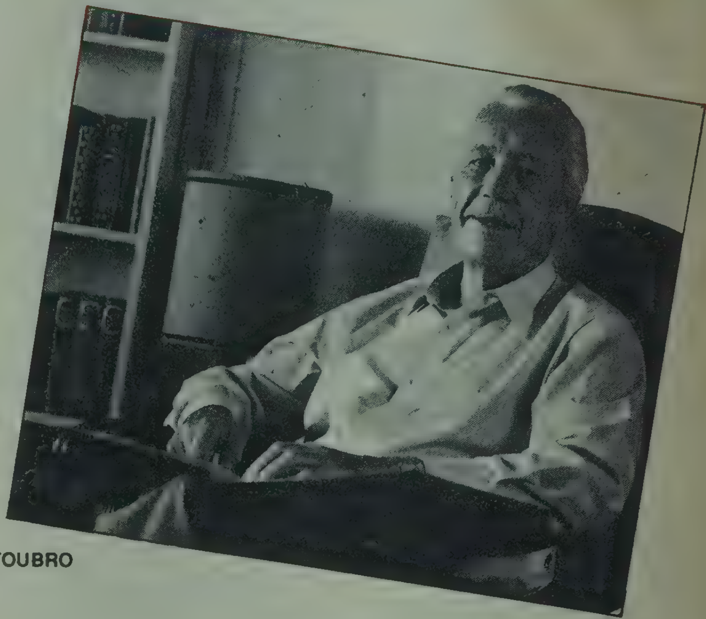
- social and cultural values and religious influences;
- socio-political structure and conditions;
- economic infrastructure and social overheads, such as communications, transport, education and credit;
- national goals and government policies; and
- demonstration effect, contacts and reference groups.

At a second stage, Tripathi and Mehta seek tangible explanations by reconstructing the business history of the founders of nine leading industrial houses. And these make fascinating reading.

One entrepreneur, for example, whose business career is described in the book is Ranchhodlal Chhotalal, one of the earliest Indians to conceive of an industrial venture on European lines. The problems this Nagar Brahmin clerk faced in raising capital for his cotton textile mill were nothing compared to the travails his Shahpur Mill had to overcome before production could commence. All the machinery had to be shipped from England by sea and then carted by bullock carts from Cambay to Ahmedabad. The British technician died en route and peasant labour did not take easily to working the spindles and looms. Despite his difficulties, Ranchhodlal managed to announce a dividend of 6% in the first year of operations.

Dramatic case studies. Such corporate stories of industrial valour, of ener-





LARSEN (R) & TOUBRO

getic capitalists overcoming all sorts of odds in their drive to promote industrial ventures abound in this book. J.N. Tata and his dream of erecting India's first iron and steel plant as well as Walchand Hirachand's fight to keep Scindia Steam Navigation afloat are just two of the more dramatic case studies explored by Tripathi and Mehta.

Since cotton mills played a pioneering role in India's industrialisation, naturally textile groups predominate in the selection of case studies and the business histories of the Khataus, the Lalbhais and the Mafatlals have been carefully recorded.

At the same time, the two professors narrate Laxmanrao Kirloskar's heroic efforts to start one of India's earliest engineering companies as well as the efforts of B.D. Amin, a farmer who became a chemical engineer, and who used his then rare expertise to establish Alembic Chemical Works. And in order to compare Indian entrepreneurial response with that of Europeans, the two authors have included Sorenson Kristian Toubro and Henning Holck-Larsen, the Danish promoters of Larsen & Toubro, in their book.

Besides making a valuable contribution to business history by recreating the events which led to the formation of some of India's premier business houses, a major contribution of this book is the light which it throws on Indian industrial entrepreneurship. As Tripathi and Mehta point out: "The past is the historian's laboratory," and they have used the case studies to evolve certain tentative conclusions.

Amongst the issues which Tripathi and Mehta tackle is the relationship between caste and entrepreneurial response. During the British period, because so many successful businessmen were either Parsi, Gujarati or Marwari, it was widely accepted that Indian industrial entrepreneurship was intricately linked to membership by birth to a trading community.

The authors disagree. "The roots of entrepreneurial dynamics should be sought in socio-economic realities rather than scriptural dispensation or the baggage of cultural traditions," they write, pointing to the fact that four out of the eight Indian entrepreneurs belonged to castes and communities which the popular mind does not associate with business.

Tripathi and Mehta also take strong exception to the popular notion that the British were responsible for shattering India's economy. "History must give the devil his due," they write and suggest that had it not been for the British, industrial technology would not have come to Indian shores when it did.

The book takes a look at quite a few Indian entrepreneurs. One of its defects, however, is that prominent people like Jamnalal Bajaj and R.D. Birla have not been included

Though their conclusions offer tremendous possibilities for a reinterpretation of existing theories, the small size of their sample precludes firm generalisations. Moreover, not all business communities have been considered — no Marwari entrepreneur has been represented, though Jamnalal Bajaj and R.D. Birla, to name just two possibilities, could have been considered.

There is also a paucity of financial data. A pity because, according to the bibliography, Tripathi and Mehta obviously had the annual reports and confidential papers of several companies. If the authors had provided some basic tables drawn from the material available, it would have added more force to their arguments besides enabling the interested reader to visualise the size of the business houses at various dates.

However, written in a clear style, shorn of pedantic and academic jargon, the book is refreshingly easy to read though a few typos mar the otherwise excellently edited text.

All in all, this pioneering work is a useful addition to the small but growing literature on Indian business history.

■ *Gita Piramal*

SIDDIQ WAHID has joined Oberoi Hotels as vice-president (sales and marketing).

T. NAGANATHAN has taken over as general manager (corporate finance) of Indian Oil Corporation Ltd.

K.N. RAMACHANDRAN has joined Apple Industries Ltd. as manager–franchise. He was formerly sales manager of Garware Wall Ropes Ltd., Bombay.

D.N. KAMATH has been promoted to general manager of Union Bank of India.

BALDEV ARORA has joined Cynamid-India as deputy managing director.

S.K. DASPATNAIK has taken over as executive director of growth division of Steel Authority of India Ltd. Formerly, he was executive director of Salem Steel Plant.

J.P. KUNDRA has been appointed managing director of the State Bank of India.

K.J. TITUS has taken over as general manager (personnel) of the Fertilizers and Chemicals Travancore Ltd.

J.L. ZUTSHI has been appointed director (personnel) on the board of directors of Indian Oil Corporation Ltd.

P.S. NAT has been appointed chief executive of Standard Chartered Bank (India).

URMILA RAJGOPAL has been promoted to senior sales manager, Oberoi Hotels, Bombay.

A.K. ARORA has taken over as general manager (technical) at Refineries and Pipelines Division, Headquarters of Indian Oil Corp. Ltd. at New Delhi.

"WE ARE FAST AND FLEXIBLE"

Deputed from Canara Bank, where he was divisional manager (priority credit) at the head office in Bangalore, A.K. Shetty (52) has been heading Can Fin Homes Ltd. as managing director since inception. Operations started in January 1988 and Shetty, then new to housing finance, candidly admits that he has been "learning on the job." Can Fin Homes' sponsor is Canara Bank which together with a subsidiary holds 34% of the Rs 10 crore paid-up equity; the Unit Trust of India and Housing Development Finance Corp. hold 12.5% each; the Industrial Credit & Investment Corp. of India 5%; Asian Development Bank 10%; and the public 26%. In an interview with BusinessWorld, *Shetty discussed the company's loan schemes and the public's response to them.*

■ On Can Fin Homes' geographical spread.

Karnataka, Kerala, Tamil Nadu, Andhra Pradesh, Pondicherry, Goa and Delhi. We have 17 branches in these areas. While the focus is on the south, Bangalore city accounts for 26% of the loans sanctioned (11,000) and 36% of the amount sanctioned (Rs 100 crores) as at the end of January 1990.

■ On the loan schemes.

We offer loans to (1) individuals for the purchase or construction of houses or flats, or for additions to old houses; (2) to employers for providing quarters to their employees; (3) to developers for the construction of flats/houses with a view to increasing housing stock; and (4) to non-resident Indians (NRIs) for houses.

■ On the security for the loans.

The house/flat proposed to be acquired is the security. Additionally, in the case of the self-employed, we need a guarantor.

■ On the loan amounts.

We offer long-term loans, ranging from Rs 10,000 to Rs 3 lakhs per family, and repayable in 7-20 years. The quantum of finance depends on the repaying capacity, that is the income of the borrowing family, as also the size of the investment. The down payment or margin is 25% of the cost of the house/flat proposed to be built/bought. We do not finance very large or luxurious houses — the maximum size of the house we consider financing is 2,000 sq ft, with investment not exceeding Rs 10 lakhs.

■ On the interest rate.

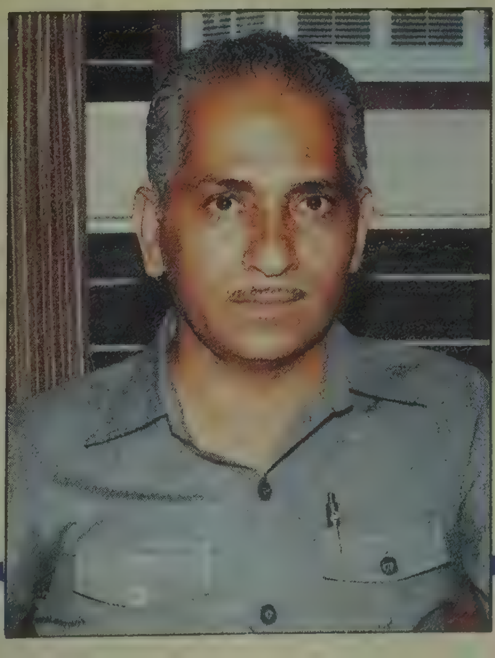
It varies from 12.5% on loans up to Rs 20,000 to 15% for loans above Rs 2 lakhs. Loans can be repaid in equal instalments spread over the period of the loan, or in graduated instalments; or in decreasing instalments, depending on the borrowing family's convenience. Borrowers are required to pay interest monthly till the loans are fully disbursed, and this is called pre-equated monthly instalments interest.

■ On the kind of people who seek loans.

Well, 60% of our loans has gone to the salaried class and 40% to the self-employed. As for loans to NRIs, the scheme was okayed just four months back. So far we have made 100 sanctions amounting to Rs 2-2.5 crores.

■ On the problems faced by loan seekers.

Repayment capacity is a limiting factor. A borrower's income may not permit the quantum of loan that he or she aspires for. Also, compliance with legal formalities — title deeds and so on — is a hassle, but only in a few cases.



■ On customer response.

A sample survey we had recently carried out revealed that, overall, we are perceived by customers as fast, flexible and homely (sic), which is not to say that there were no adverse remarks. We are looking into the complaints and will try and improve our service. As for the processing and administrative fee, which some think is high, the fact is housing finance institutions operate on a low spread, so a one-time processing and administrative fee is charged to meet legal, administrative and inspection charges.

■ On the time taken for the disbursal of a loan.

Two weeks from the time of application on an average.

■ On loan defaults.

Our recovery record is 99%, the balance 1% is delayed payment — not default.

■ On Can Fin Homes' handling of the home loan account of the National Housing Bank.

With our limited branch network, the collection of small deposits is not easy. Commercial and cooperative banks are better equipped. We will handle home loan accounts only to the extent possible.

■ On the organisation's overall performance.

In just two years, Can Fin Homes has emerged as a leading housing finance company in its area of operations. We have sanctioned 11,000 individual housing loans amounting to Rs 100 crores, and disbursed 92,000 loans amounting to Rs 77 crores (as at the end of January 1990). We expect a pre-tax profit of Rs 3 crores in 1989-90 and our public shareholders can look forward to a dividend—their first. Demand for housing finance is so vast that the entry of any number of housing finance companies poses no problem. What's worrisome, though, is the limited supply of sites/houses at prices affordable by the people.

* IBM is a trademark of IBM Corporation U.S.A.

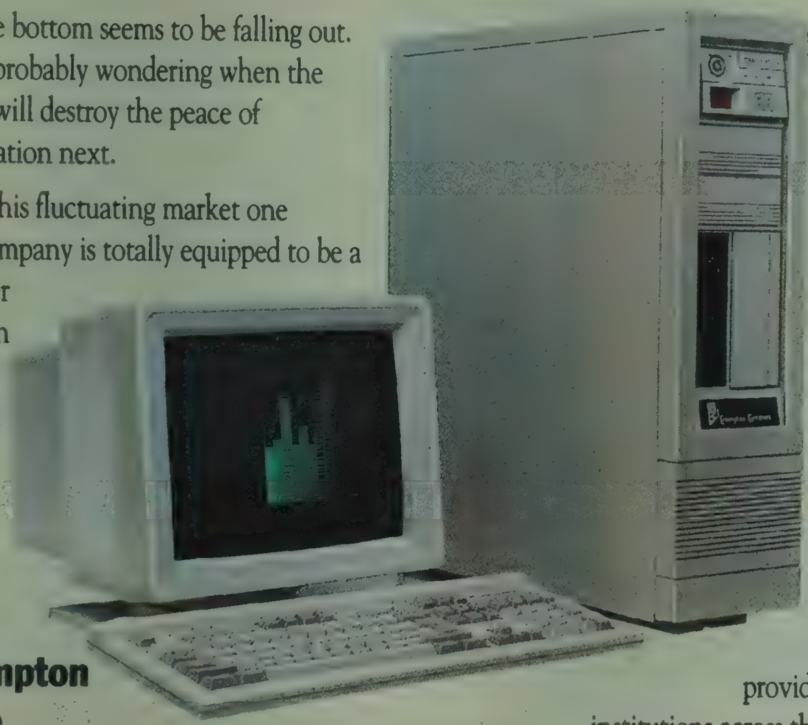
Star Wars. At the cost of whose peace?

Looking at the computer market, you'd well believe you were witnessing Star Wars II.

Price Wars. Pirated Wares. Illegal Vendors. Viral Infections. Bugs.

The bottom seems to be falling out. And you're probably wondering when the laser beams will destroy the peace of your organization next.

In this fluctuating market one computer company is totally equipped to be a stable partner in the growth of your organisation. A company called Crompton Greaves.



The Crompton Initiative

At Crompton Greaves, we've been in the business of personalising computers for two years now.

Today our plant at Nasik produces an entire range of IBM* compatible PC's, XT's, 286's, the 386 – Full tower, Mini tower and SX models.

And we don't intend to stop there. In keeping with evolving needs of growing organisations, our Electronics R&D centre in Bombay will focus on developing specialized software for higher end-applications.

Strategic Service Support

When it comes to service we follow the Crompton tradition of service support to the hilt.

If at any time and we'd like to repeat, anytime, you have any problem, call us and our service engineer will be at your side in 24 hours. If not much earlier.

The Installation Law: no one is too big or too small

We've provided networking solutions for SAIL, installed computers at IDBI, Bombay Oxygen, Ciba-Geigy, Avery India, Allen Bradley and provided the right solution to educational institutions across the country.

The Taj Group of Hotels, BEL, ISRO, Citibank, Times of India are some of the other organisations who've chosen our machines and software applications.

As a division of Crompton Greaves, our assurance of quality is something we believe is in-built in our machines. Something we hope you'll discover.

If you'd like to know more about us and what we can do for you, do call us or fill in the coupon below. (You could just attach your business card and mail it to us.)

And let us deflect those laser beams.

Crompton Greaves Computer Division. The Right Decision.

Yes! I'd like to know more about Crompton Computers for my organisation. Please have someone call on me or mail me the relevant information.

Name: ____________________

Address: ____________________

____________________ Tel: __________

Mail to: **Crompton Greaves Limited,** Computer Division, 65-A, Nhava House, Maharshi Karve Road, Marine Lines, Bombay 400 002. Call: 258632, 250755, 310791.

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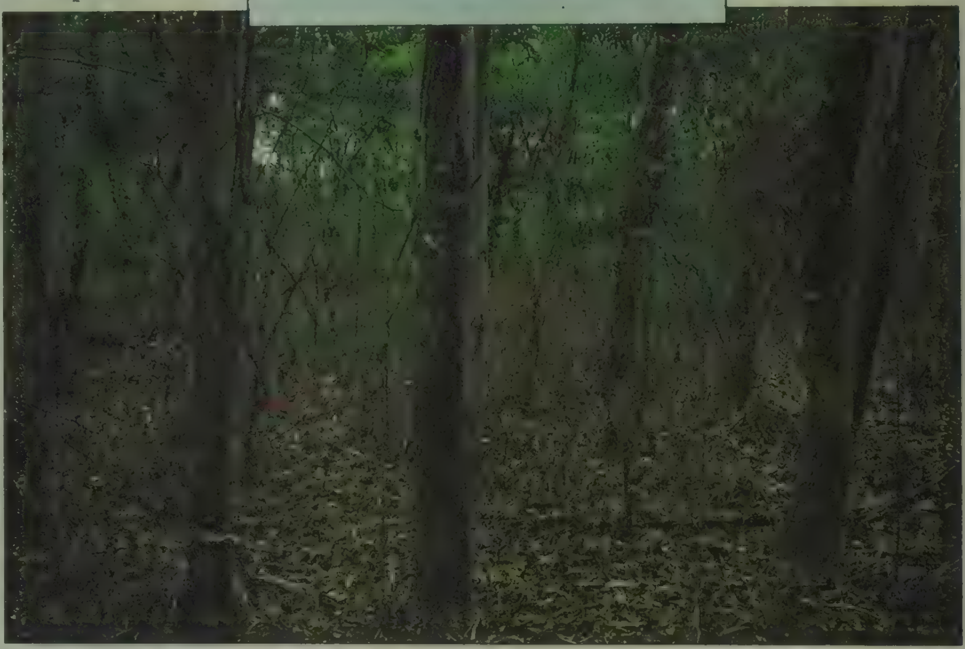
INVESTING IN WOOD

In Britain, the woods are lovely, dark and cheap. Definitely worth investing in

There is increased interest in forestry by investors the world over. And attracting them is the high (often tax-free) real rates of return possible owing to the increasing demand for quality timber from the wood-processing industries. There is also the pertinent investor perception that because of the widespread concern over the greenhouse effect, there could be greater international restraints on timber harvesting; if so, these would raise the cost of timber and hence the value of existing plantations.



The chances of timber being in perennial short supply in the 21st century are very high. Currently, 1,600 hectares of timber are being felled worldwide every hour but less than half that area is being replanted. World consumption is steadily rising. And those who predicted that the substitution of wood by other products would have a major negative impact on forestry prices have been proved wrong. For instance, plastics have been around for over 30 years but they have replaced timber in traditional uses only in a very limited way.

Rather, timber being a very versatile raw material, new uses are being constantly developed. A contemporary example is the conversion of wood fibres to industrial alcohol and protein for chemical feedstock. Thanks to their versatility, timber and forest products remain heavily and internationally traded commodities. Not surprisingly, the prices for all categories of timber have increased in real terms over the long term.

Discerning investors find Britain the most attractive venue for investment in forestry. There are no restrictions on forestry ownership in that country and no taxes are imposed on the ownership of woodlands or forests. Receipts from the sale of timber in whatever form are neither liable to income tax nor capital gains tax.

The British government takes a very liberal and farsighted view for encouraging investment in a crop which takes 50 years to reach maturity. Investors who have no use for income tax reliefs can opt for grants. The Woodland Grant Scheme provides very substantial cash grants for planting, while the Farm Woodlands Scheme is designed to encourage commercial timber production on areas between 3 and 40 hectares.

The choice varies between bare land for planting and existing woodland, or a mixture of both. A property can be purchased at any stage in the growth cycle best suited to an investor's needs, and there is no limit to the period of ownership.

According to C.D. Gittins, director of Tilhill Forestry (Lodge Farm House, Chavenage, Tetbury, Gloucestershire, UK), forestry investment in Britain is particularly suitable for UK non-residents, individual or corporate. The investor has total control of his land, which may be owned directly or by interposing an offshore company owned and controlled by him. Tilhill Forestry is a company within the agribusiness division of megacorp Booker plc (sales: £1.8 billion).

As a guide, Gittins advises a minimum investment of £30,000 (Rs 8.55 lakhs — £1 = Rs 28.50), or slightly less if one were to buy bare land. Good land, suitable for growing conifers, costs around £620 per hectare, depending on quality. The net cost of creating a young forest is about £310 per hectare over the first five years after the receipt of government grants. Land for broadleaved trees would cost two or three times that much and the cost of establishment would be more than that for conifers.

In bottomline terms, Tilhill Forestry advises that a tax-free real return of 6-7% above inflation is achievable with minimum risk for conifer plantations. (This is equivalent to an annual return of over 20% in investments which suffer tax at 40%.) For hard- woods like oak, ash, sycamore, cherry or walnut, the long product cycle (90-120 years) makes it difficult to predict future price rises in quantitative terms. However, experts say that for those prepared to take "a bold view" of the future, long-term financial rewards "may exceed all present expectations."

A final word of investment advice: a young plantation with low current value but high potential value is a particularly suitable asset to pass on to the next generation, or to hold within a family settlement. A family company can build up a portfolio of properties of different ages so that a continuous yearly income is produced for a long period.

Companies like Tilhill Forestry offer to undertake responsibility for day-to-day management according to an agreed budget.

■ *Sujoy Gupta*

GIANT TAX-KILLER

The National Savings Scheme (NSS) was introduced by Rajiv Gandhi in his budget for 1987-88 and has been in operation from 1 April 1987. Yet very few know the salient features of the scheme or the tax benefits it offers.

The scheme enables a taxpayer to obtain a deduction from taxable income under s.80CCA of the Income Tax Act, 1961. The rate of deduction available is 100% in respect of deposits made during a financial year.

The maximum allowable deduction was Rs 20,000 for the assessment year 1988-89. This was increased to Rs 30,000 from the assessment year 1989-90, and has now been further increased to Rs 40,000 from the assessment year 1991-92 by finance minister Madhu Dandavate in his budget presented on 19 March 1990.

The deduction under s.80CCA is independent of, and in addition to, the deductions available under s.80C in respect of public provident fund (PPF) deposits, life insurance premia, and national savings certificates (NSCs), where the maximum eligible sum entitled to deduction under the general provisions of s.80C upto Rs 40,000 (after the recent budget, under the new s.88, there is no ceiling, but beyond Rs 50,000, there will be no tax benefits). Thus, a taxpayer can obtain deductions under s.80C (or under the new s.88) and also make deposits under the NSS and obtain deductions for a further sum upto Rs 40,000 under s.80CCA.

In the case of salaried persons, the above deduction is allowed at source by the employer. Deposits can be made twice a month and in multiples of Rs 100, or in a lumpsum at any time during the financial year. The minimum deposit is Rs 100 and maximum Rs 40,000 during a financial year.

Deposits earn 11% interest per annum, but this is not payable in cash. It is merely credited to the account. The interest earned is tax-free in the year in which it accrues.

Till 31 December 1989, interest was allowed for a calendar month on the first of every month on the closing balance of the previous month. The interest earned was credited to the account on the first day of the following year. From 1 January 1990, the procedure has been revised. The interest will be allowed for a calender month on the balance at credit between the close of the tenth day of a month and the end of the month. Such interest will be calculated and credited to the account at the end of each year.

The balance in NSS accounts is wholly exempt from wealth tax. The scheme is administered through post offices (POs). An NSS account can be opened at any head post office or selected sub-post offices by filling up an SB-3 form, the same used for opening an ordinary PO savings account.

Only individuals, Hindu undivided families (HUFs) and certain associations of persons are permitted to open accounts. Only one account can be opened by each of them. Accounts can be opened in the name of a minor if he is an assessee under the Income Tax Act. In the case of HUFs, accounts can be opened by any member either as a *karta* or in the name of the HUF, if the latter is an assessee.

As NSS accounts can be opened and operated in a single name only (joint accounts are not permitted), a nomination facility is available. Post offices will supply passbooks to depositors with one folio set apart for each year to serve as a permanent record. In addition, depositors are given certificates of deposits and figures of withdrawals in each year to facilitate the filing of tax returns. There is a 'lock-in period' of three years for deposits before withdrawal.

The maximum amount which can be withdrawn in any particular year is limited to the balance at the end of the fourth preceding financial year. One illustration should clarify the point. If an NSS account was started in 1987-88 with a Rs 10,000 deposit, even though higher amounts are deposited later, the maximum that can be drawn in 1991-92 is Rs 10,000 (along with interest) since the balance at the end of the fourth preceding year (i.e. 1987-88) was only Rs 10,000.

It is necessary for a taxpayer to understand this aspect of withdrawals so that he may plan his savings and investments in NSS to his best advantage. While interest is free from income tax under s.10 at the time of accrual, the amount withdrawn (including accrued interest) is fully taxable in the withdrawal year.

An account can be closed on the expiry of three years from the end of the year in which the last deposit was made. In the event of the death of the holder, the account can be closed at any time after the death.

Till last year, the scheme provided that in the event of a depositor's death, the amount withdrawn by his heirs or nominees would be treated as their income and taxed. However, the Central Board of Direct Taxes has now clarified — through Circular No.532 (F.No.178/20/80...IT(A1)) dated

IN A NUTSHELL

Scheme: National Savings Scheme, run by post offices on behalf of the government.
Interest: 11%.
Mode: Cumulative.
Maturity: Three years.
Minimum & maximum amount investible: Minimum Rs 100, and maximum Rs 40,000 per annum in multiples of Rs 100. Cheques are payable to the "Postmaster."
Tax benefits: (1) The entire deposit amount upto Rs 40,000 a year will be eligible for tax exemption under s.80CCA; (2) For salaried persons, the tax benefit will be accounted for at source by the employers.
Eligibility: (1) Individuals; (2) minors; (3) HUFs; (4) associations of persons.
Special features: (1) Only one account can be opened by a person; (2) deposits in multiples of Rs 100 can be made twice a month or in one lumpsum; (3) interest will be credited to the account; (4) withdrawals allowed only after three years; (5) only one withdrawal will be allowed in a year; (6) no tax is chargeable on interest accrued during a year, but amount withdrawn (including accrued interest) will be fully taxable in the year of withdrawal; (7) fully exempt from wealth tax; (8) nomination facility available.
Recommendation: Good for all taxpayers. Ideal for salaried employees during the last three years before retirement and for tax sheltering.

17 March 1989 — that in the event of the closure of an NSS account on the death of a depositor, the amount payable to the nominees or legal heirs will not be subject to any tax.

However, inspite of many beneficial features, the new scheme has not evoked commensurate public response due to the lukewarm publicity efforts of the government in putting forth the plus points of the scheme.

The scheme is unique in providing 100% tax relief to the investor unlike investments under s.80C. Thus, while investing in NSS, a person in the 50% tax bracket can cut down his tax bill by a minimum of Rs 15,000 (the tax advantage would be higher if his tax slab comes down as a result of this investment). On the other hand, he would be saving only Rs 8,100 in income tax by investing in other conventional schemes like NSC, PPF, etc. For such an investor, the NSS gives a return of around 23% per annum as long as he does not withdraw the amount. In effective pre-tax terms, it works out to a return of around 50%.

Another special advantage of NSS deposits is that it is wealth tax-free. Various other deposits are subject to the overall exemption limit of Rs 5 lakhs for wealth tax, but not NSS. The government made it clear (by a press note issued on 13 April 1988) that the limit of Rs 5 lakhs does not apply to NSS deposits, which are independent of the general exemption limit and the special exemption limit of Rs 5 lakhs.

The scheme embodies the basic expenditure tax concept of exempting what is saved and taxing what is consumed. For a non-taxpayer or for a taxpayer whose maximum marginal rate of tax at the time of deposit and at the time of withdrawal remains the same, the post-tax rate of return is exactly 11% — the same as the coupon rate. The scheme is, therefore, of benefit to those who have already availed of tax relief to the full under s.80C and s.80CC. The short lock-in period of three years and security of capital are plus points of the scheme.

NSS provides an attractive option not only to a person who is unlikely to need the money in the medium term, but also to those who are retiring in the near future or to those whose incomes are likely to decrease substantially. They can reduce their tax liabilities considerably by subscribing to this scheme now. Withdrawals after retirement may not attract any income tax, as retired persons should normally be moving down the tax gradient. After some of the recent modifications in the scheme, the NSS is almost the best haven for creating an estate for the near and dear ones after death or to provide for the rainy days in one's own lifetime.

But an investor has two equally attractive alternative schemes to obtain 100% tax advantage under s.80CCA. If you are young or middle-aged, you may put your money in the Life Insurance Corporation's Jeevan Dhara policies and ensure an old-age pension after a specified period. If you are already elderly, you may invest in Jeevan Akshay to earn immediate monthly payments at the rate of 12% per month of the invested amount.

It is possible that after you have studied these two LIC annuity plans — Jeevan Dhara and Jeevan Akshay — in greater detail, you may decide to opt for those in preference to NSS.

■ *M.D. Mukhi*

The author is the president of the merchant banking division of Batlivala & Karani.

INSIDE INFO

■ For no apparent reason, short positions in **Reliance** were hectically covered during the fortnight ended 30 March. As a result, the scrip closed as high as Rs 65.50 on that day as against the Rs 53 recorded on 16 March. Marketmen opine that with Reliance's petrochemical project coming up and the government's vindictiveness not having materialised, the scrip could look up further. However, the short covering was largely done by one single operator, Ranjan Desai, known to be close to the bull coterie.

■ **Larsen & Toubro** seems to be on an upward trail too. Rumours that the Tatas were about to join its board had earlier pushed the scrip up from Rs 63 (2 March) to Rs 85 (26 March). The probables then mentioned were Freddie Mehta, Nani Palkhivala and Darbari Seth. Despite the fact that the rumour proved just that, the scrip marched forward, thanks largely to insiders, and friendly buyers — **Canbank Mutual** and **SBI Capital Markets.**

■ **Rathi Alloys**, which closed at Rs 120 a fortnight back, spiralled up to Rs 157 (30 March) in a couple of days. What aided the scrip's jump was a rumour that the company was about to issue bonus shares. The operator behind this hype was Ranjan Bhatia, a big-time speculator of the BSE stockbroking firm of Jasvantlal Chhotalal.

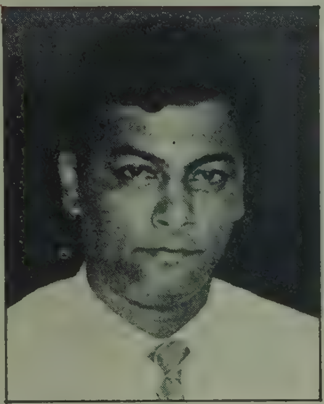
■ It has been up, up and up for **Indian Aluminium** since the 19 March post-budget session. With fears of an excise impost on aluminium not having materialised, operators are heavily betting on the scrip. What is aiding its upward climb is the huge short position in the scrip built up until the eve of the budget. The result: shortsellers are now covering up and some bulls have begun building up long positions. One of them is a street-smart Calcutta operator. The scrip closed at Rs 167 (30 March) as against Rs 119 on 19 March (pre-budget).

■ **Tisco** is another scrip which continued to be bullish, thanks to persistent rumours of steel decontrol. The scrip closed at a high of Rs 125 (30 March) and besides the big bull coterie, some Calcutta operators were also betting heavily on the blue chip. Will steel be decontrolled?

■ The Bombay bull coterie is bullish in **ACC, Colgate, Bombay Dyeing** and **Larsen & Toubro.** The coterie's no.2 man is bullish in **ACC, Tisco, Hoechst, Grasim, Colgate** and **HMM** and has a short position in **Indrol.** Another coterie man is long in **Telco, ACC** and **Century.** The coterie has, meanwhile, recommenced its *badla* financing operation.

■ Brokers are placing their bets on Coimbatore-based **Elgi Tyres & Treads,** manufacturers and dealers of pre-cured tyre treads and cushion compounds. For the nine months ended 31 March 1989, turnover was Rs 27 crores (annualised Rs 37 crores) with an annualised EPS of Rs 12. For the first six months of the current year, turnover was Rs 20 crores and it is expected to end the year with a turnover of Rs 65 crores. EPS is expected to rise to about Rs 25. So Elgi is expected to cross its current quote of Rs 103.50 (MSE, 22 March) soon.

RIPE PICKS



The shipping industry is riding the crest of a boom currently. Gone is the recession which confronted it in the eighties. Shipping experts opine that this scenario is unlikely to be repeated again. And to buttress their view they point out that shipping space the world over is in equilibrium.

As compared to the early eighties era of excessive production of low-cost ships by Japan and Korea, ship prices have gradually increased over the last five years, thanks to the strong currencies in the two countries. Demand for new ships has been falling over this period, resulting in a decrease in shipbuilding, which in turn has led to aging fleets that require replacement.

On the positive side, freight rates have been rising which will enable companies with aging fleets to meet the high cost of replacements.

ENCOURAGING SCENARIO

The Indian scenario is also quite encouraging. The Seventh plan envisaged a requirement of 7.5 million gross registered tonnes (grt), but the present capacity stands at a mere 6 million grt. Thus the scope for expansion is substantial. This makes the shipping industry a sound investment proposition.

One company which stands out is — **Essar Shipping Ltd.** (ESL). The company has a fleet of 25, comprising product and bulk carriers, and offshore supply vessels (OSVs). Considering the fact that the average age of ESL's vessels is just nine (slightly better than the industry average), it will have to deploy them profitably. And it is in this area that ESL has shown itself to be highly competent.

ESL's tankers are on fixed charter with Indian oil companies and its OSVs are deployed with the Oil & Natural Gas Commission on favourable terms. Its bulk carriers are used by Essar Gujarat (for the carriage of iron ore pellets), and Transchart (which functions under the ministry of surface transport and allots government cargo to Indian vessels).

The company's Rs 140 crore expansion programme, launched in 1987, has begun yielding results. Encouraged, ESL is embarking on another Rs 174 crore plan to acquire 15 vessels.

During the six months to 31 December 1989, ESL's income rose 36% to Rs 70.41 crores over the corresponding previous period. While gross profit almost doubled to touch Rs 31.13 crores, net profit shot up a phenomenal 158% to Rs 21.45 crores. The earning per share amounts to Rs 4.60 and for the full year it is estimated to be Rs 8.50.

For the year 1990-91, ESL hopes to notch up a turnover of Rs 165 crores and a gross profit of Rs 77 crores. The EPS is expected to be over Rs 10. During the past three years, ESL has dished out a dividend of 20% which is likely to be repeated in the current year. At the market price of Rs 34 (Bombay stock exchange: 22 March), ESL has a low P/E of 3.5 and a high yield of 6.7%. This makes the scrip attractive. It has a potential to rise 50% over the next 12 months.

> ***BusinessWorld*** **takes a closer look at the prospects of two scrips — Essar Shipping and Simbhaoli Sugar Mills**

SHORT-TERM BARGAIN

Another company worth a look is **Simbhaoli Sugar Mills** (SSM). The government is giving some incentives to the sugar industry. It is keen to maximise the output of sugar in the current sugar season and raise the output to over 100 lakh tonnes. Consumption is estimated at 103-104 lakh tones.

Last year, there was an unexpected shortfall in production in March-September 1989 with the result that output for the whole of 1988-89 season was only 87.5 lakh tonnes. Hence the government, which had to draw heavily from stocks and resort to expensive imports, would not like this scenario to be repeated this year.

Thus to enable sugar mills to extend crushing operations and compensate them for the loss of recovery in summer months, the government has announced that a higher free sale quota (at 80%) will be available to mills which produce in excess during the May-July period. Besides, factories getting cane from distant surplus areas will be entitled to a higher free sale quota even in respect of production between 16 November 1989 and 30 April 1990.Thus the sugar industry is heading for sweeter times, at least in the short run.

SSM, an existing dividend paying company, went public in end-1989. Its shares are quoted at around Rs 35 on the Bombay stock exchange.

SSM has increased its sugarcane crushing capacity from 2,750 tonnes per day (tpd) to 3,500 tpd at a cost of Rs 2 crores. It plans to hike this capacity further to 5,000 tpd. In addition, SSM will be installing a drier to increase the availability of bagasse for captive power generation. The surplus will be hawked off. During 1989-90, SSM expects to crush 4,000 tpd and touch 5,000 tpd the following year.

Since SSM is one of the low-cost units in the industry, it will be able to post better results. Financially, the company's performance has been quite encouraging. Turnover for the year to 31 March 1989 was Rs 33.37 crores. Despite higher depreciation and taxation, gross profit stood at Rs 3.42 crores and net profit at Rs 48 lakhs.

In view of the encouraging outlook for the industry, the SSM scrip appears to be a good short-term bargain.

■ *Clifton Desilva*
The author is a Bombay-based investment manager.

INVESTOR CONTEST

Last date for the receipt of entries: 25 April 1990

There's no entry fee, no risk. But there's Rs 5,000 to be won every fortnight. Here's how.

Every contestant is given a notional Rs 1 lakh to invest in shares. The money can be invested in upto five scrips listed on the Bombay stock exchange (BSE) at closing prices on a reference date specified by *BusinessWorld (BW)*. This notional portfolio will be evaluated by *BW* a month later (approximately). Three contestants, whose portfolios register the largest gains, will be entitled to cash prizes: Rs 2,500 being the first prize, Rs 1,500 the second, and Rs 1,000 the third. The names of all the winners will be published in *BW*.

THE RULES

1. The notional amount to be invested is Rs 1,00,000.
2. Investments (in market lots only) can be made in any five companies' equity shares which are listed on the BSE.
3. Investments in debentures or securities other than equity shares are not permitted.
4. No investment can be made in scrips in which there has been no trading on the reference date for investment (18 April for Contest No.11).
5. Investments in scrips quoted below par value on the investment date cannot exceed 25% of the total (Rs 25,000).
6. The maximum amount investible in any one scrip is Rs 50,000.
7. Investments must be made on the basis of the closing prices of shares on a date specified by *BW*. **This time the date is 18 April 1990.** Quotations based on prices at stock exchanges other than Bombay will not be permitted.
8. The portfolio will be evaluated on a date (to be specified by *BW*) roughly one month after the investment date **This time the date is 16 May 1990.** This too will be on the basis of the closing quotations of the BSE. The official list of the exchange will be the source for determining closing prices. Quotations published in newspapers, magazines or any other publication will not be accepted. In the event of there being any difference in the price quotations given by the contestant and the official list of the Bombay stock exchange, the investments will be deemed to have been made at the latter prices.
9. If the BSE is closed on the specified days, the closing quotations of the first subsequent trading day will be taken into account.
10. Any odd amount left uninvested in the notional portfolio will be assumed to have been deposited in a savings bank account earning an interest of 5% p.a.
11. Contestants will have the option either to invest the entire amount of Rs 1,00,000 (or part thereof) in equity shares or in a savings bank account. (This is just in case investors think stock values will crash and that the money is better invested outside the stockmarkets.)
12. All entries should be accompanied by a coupon (given below) bearing the contest number and must reach the editorial office of *BW* not later than the date specified. **For Contest No.11, the last date for the receipt of entries is 25 April 1990.** Envelopes should be sent by ordinary post only and must carry the following on the outside in big bold letters: "*BW* INVESTOR CONTEST NO.11 (or whatsoever the contest number is). The envelope must be addressed to: The Editor, *BusinessWorld*, 145, Atlanta, 209 Ceremonial Boulevard, Nariman Point, Bombay—400 021.
13. In case of a tie for any of the prizes, the money will be divided equally among the winners. For example, if the top two portfolios show the same level of appreciation, the prize money for the first and second prizes will be pooled and distributed to the two winners.
14. For the purposes of this contest, it will be assumed that no brokerage is paid for the purchase of shares.
15. Contestants can send in any number of entries, but each of them must be accompanied by the relevant coupon. Coupons for Contest No.11 cannot be used for Contest No.12 and so on.
16. The decision of the Editor, *BusinessWorld*, will be final in deciding any disputes vis-a-vis this competition, which will not be open to any employee of the Ananda Bazar Group of publications.

Winners of

INVESTOR CONTEST NO.7

FIRST PRIZE (Rs 2,500): M. Ravinder Reddy.

Reddy's portfolio appreciated to Rs 1,87,500.

SECOND PRIZE (Rs 1,500): P.C. Narayanan.

Narayanan's portfolio appreciated to Rs 1,82,125.31.

THIRD PRIZE (Rs 1, 000): Dilip P. Karani.

Karani's portfolio appreciated to Rs 1,49,876.04.

Ravinder Reddy won by putting his all in DCL Finance, which appreciated by 87.5%. P.C. Narayanan chose DCL Finance and United Pharma to put 98% of his money in, and invested minimal amounts in AP Scooters, Shah Foods and Andhra Cement. Dilip Karani, backed Bonanza Pharmaceuticals to the hilt to reap his third bonanza from *BusinessWorld's* Investor Contests.

Congrats!

INVESTOR CONTEST NO.11 — ENTRY FORM

Name of scrip	Price on 18 April 1990	Number of shares purchased	Total investment
Total money invested from Rs 1 lakh capital			

Name:

Address:

DEFINITIONS & EXPLANATIONS

Starting with this issue, we launch our much-delayed corporate statistics section, styled Vital Statistics. While there are several publications that compile similar data, they leave something to be desired, mainly in the aggregation of gross figures like reserves, where the general tendency is to lump all kinds of notional reserves together and give investors less meaningful data. *BusinessWorld* has tried to pump more meaning into figures by disaggregating them where necessary so that investors can gauge for themselves the real financial or earnings picture of the company. Given below are the definitions and explanations for the various terms we have used in this section.

Equity capital is total issued capital or called-up equity capital (for new companies) without adjusting calls-in-arrears and forfeited shares. The latter have been excluded from our definition of equity capital since they are bound to get nullified as and when the calls get paid or shares get forfeited. The shares forfeited account anyway gets transferred to the capital reserve ultimately when the forfeited shares are reissued.

Free reserves include all retained reserves, whether on the capital or revenue account, free or funded. Revaluation reserves are excluded. As funded reserves (for example, the debenture redemption fund, capital redemption fund etc) ultimately get transferred to the profit & loss (P&L) account or the general reserves once their purpose is served, they are treated as free reserves and thus available for the issue of bonus shares.

Our definition of free reserves, however, excludes adjustments of P&L account debit balances and miscellaneous expenses written off. This adjustment is, however, being made while determining the book value of a company's shares. Miscellaneous expenditure is not taken into account as it is a charge against future profits and does not affect existing reserves.

The **book value** per share is defined as equity capital plus free reserves divided by the total number of shares issued. The book value is arrived at after adjusting the P&L account for debit balances (accumulated losses) and miscellaneous expenditure. Though book value can be determined even on the basis of total reserves (i.e. including revaluation reserves) we have adopted the more conservative definition. However, for those investors who prefer to view book value differently, the revaluation figures have been given separately for calculation purposes.

Sales is the aggregate value of goods sold and services rendered, inclusive of excise and sales tax, but net of returns of goods sold. Since excise and sales tax are charges against revenue, we feel they do not reduce the aggregate sales value.

All items of income not related to a company's operations are aggregated under the head **other income**.

For the purposes of our database, **gross profit** is defined as profit after interest but before depreciation and tax. The **gross margin** is gross profit expressed as a percentage of gross sales and other income.

Profit after tax (PAT) is the net profit after tax but before adjustments relating to prior accounting periods, reserves written back or short or excess provisions for taxation are made. Our PAT figure thus reflects the net profit from operations relating to the year in question.

Adjusted profit is PAT after making the above-mentioned adjustments, and is thus effectively the total profit available for appropriations (dividends, ploughbacks etc). The adjusted profit figure, however, excludes profit balances brought forward from previous years. The availability of separate PAT and adjusted profit figures enables one to calculate net margins and payout ratios appropriately.

Earnings per share (EPS) represent PAT divided by the total number of a company's equity shares. The PAT figures are adjusted for preference dividend provisions (if any) or arrears payable on cumulative preference shares which have not been provided for. Whenever the accounting period is more or less than 12 months, the EPS figures are being annualised. The **price-earnings (P/E)** ratio is obtained by dividing the market price of a company's scrip by the EPS. The P/E ratio is expressed as a multiple of the EPS.

The **return on net worth (RONW)** stands for PAT as a percentage of paid-up equity share capital plus reserves and surplus. In this case, the reserves include revaluation reserves since returns have to be calculated on a meaningful asset base. And revalued assets reflect current replacement values of assets better. While calculating RONW, the PAT is adjusted for preference dividends.

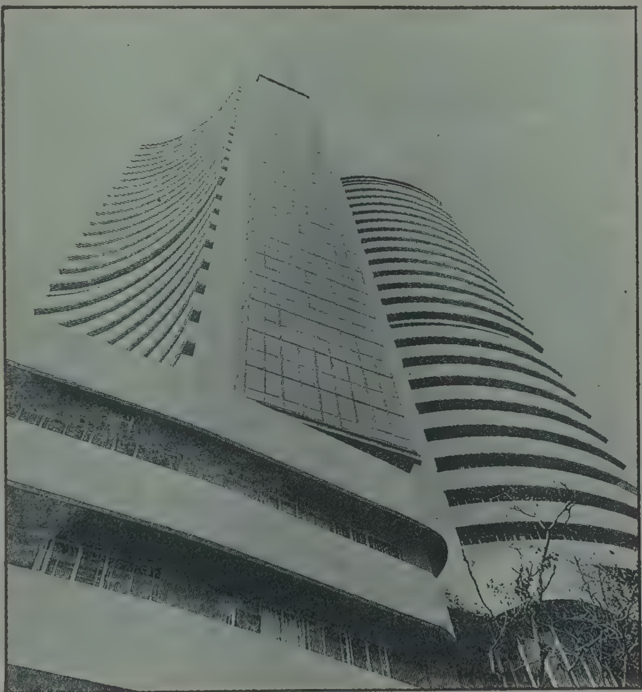
Dividends, where mentioned, include interim dividends and are annualised.

The **payout ratio** expresses total dividend as a percentage of PAT after adjustments for preference dividends.

Cash earnings stand for total cash generated from operations and are equal to gross profit net of taxation. **Cash earnings per share (CEPS)** is calculated by dividing total cash earnings by the total number of equity shares outstanding. The market price of a company's scrip, when divided by the CEPS, gives the **price-cash earnings ratio**. While calculating cash earnings, preference dividend (if any) is adjusted. These ratios are relevant as investors should be interested in the cash generation capabilities of a company from its operations, which have a bearing on its ability to make disbursements towards dividends and creditors in time.

Yield stands for the dividend expressed as a percentage of the market price and takes into account interim dividend, if any.

The **price-book value (P/BV) ratio** is the number of times by which the scrip's market price discounts its intrinsic value. It is sometimes helpful in identifying potentially worthwhile buys. However, this ratio will be of more utility when read along with the RONW figures.



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Calcutta

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PRESSMAN

VITAL STATISTICS

Company (The figures following the company name indicate face value and market lot in that order)	Eq Cap RsCr	Free Res RsCr	Revl Res RsCr	Book Value Rs	Gross Sales RsCr	Other Inc RsCr	Gross Profit RsCr	GrPr Mgn (%)	PAT RsCr	Adj PAT RsCr	Cash Earn RsCr	EPS Rs	Ret/Net Worth (%)	Div (%)	Pay Out (%)	Mkt Price 30 Mar	P/E Multiple	Last Bonus Ratio	Last Bonus Year	Bonus % in Cap	MarketPrice High 1989 Rs	MarketPrice Low 1989 Rs	MarketPrice High 1990 Rs	MarketPrice Low 1990 Rs	Yield on Mkt Price (%)	Price to BkVa Time
ACC(100/5/a)	56.0	81.3	0.0	245.3	537.2	16.3	26.89	4.9	-5.64	-23.61	18.71	-6.72	-6.2	0.00	NA	408.00	NA	1:5	86	33	374	230	356	229	NA	1.66
AdvaniOer(10/100/b)	7.0	8.9	2.6	22.7	122.0	1.8	4.57	3.7	0.84	0.90	3.37	1.80	3.0	10.0	117	17.50	9.72	1:1	86	46	18	8	19	15	8.57	0.77
AlfaLaval(10/50/d)	7.8	19.0	0.0	343.2	68.2	5.5	9.86	13.4	7.77	7.77	7.86	124.20	23.2	20.0	17	115.00	0.93	1:2	89	63	140	72	140	95	14.46	0.34
AmritBan(10/100/e)	2.1	13.9	6.9	77.3	221.7	3.4	6.01	2.7	-0.81	0.93	6.01	-4.11	-3.7	10.0	24	47.50	NA	1:1	89	39	118	80	48	25	2.14	0.61
AP Paper(100/5/f)	5.6	6.8	0.0	220.1	69.7	1.1	3.97	5.6	2.21	2.21	3.97	29.44	23.8	0.0	NA	910.00	30.91	1:4	80	20	830	67	1100	710	NA	4.14
ArvindMills(10/50/d)	7.1	34.6	0.0	58.5	190.0	5.8	10.16	5.2	3.95	5.14	9.46	6.92	7.6	24.0	32	56.25	8.12	1:3	86	55	44	25	52	40	4.11	0.96
AsianCab(10/50/e)	5.6	7.3	6.2	23.1	65.4	3.6	5.19	7.5	2.49	3.62	3.95	3.81	11.2	12.0	21	32.00	8.40	1:3	81	25	72	26	38	27	3.75	1.39
AsianPaints(10/50/d)	12.4	41.0	0.0	43.0	272.1	2.1	24.25	8.8	15.12	13.49	18.25	15.13	22.5	33.6	39	236.25	15.61	1:2	87	86	231	161	255	207	1.78	5.50
AtlasCopco(10/50/d)	7.3	7.8	0.0	20.7	56.7	3.0	2.69	4.5	0.70	0.59	2.39	1.21	3.7	8.0	124	35.00	29.00	1:2	87	82	57	32	49	37	2.88	1.69
AtlasCycle(10/50/f)	1.2	7.6	7.0	76.3	76.8	1.7	2.02	2.6	1.10	1.10	2.02	6.98	9.1	20.0	16	75.00	10.75	1:2	87	80	150	80	150	68	1.97	0.98
BajajAuto(10/50/f)	18.8	346.6	0.0	194.3	599.5	24.7	72.97	11.7	30.50	30.40	68.47	12.16	11.1	46.7	22	427.50	35.15	1:1	87	95	453	290	418	377	0.82	2.20
BajajElec(100/5/f)	1.9	6.6	2.9	443.8	70.0	2.3	2.99	4.1	1.65	1.55	1.90	64.45	19.2	33.3	15	575.00	8.92	1:1	89	50	1450	600	650	550	2.17	1.30
BajajHind(100/5/a)	5.6	23.0	39.9	1111.1	75.1	1.5	4.04	5.3	0.60	1.33	3.30	7.14	1.3	18.0	50	470.00	65.80	1:4	86	95	600	380	450	360	2.55	0.42
BajajTempo(10/50/b)	6.6	30.8	0.0	56.7	259.1	4.8	27.73	10.5	3.65	3.73	27.48	8.30	6.5	13.3	35	117.50	14.16	1:1	86	87	152	100	152	100	1.70	2.07
BakeliteHyl(10/50/f)	4.5	10.1	9.4	32.4	55.8	2.2	3.57	6.2	1.66	1.88	3.07	2.77	9.2	18.7	34	35.00	12.65	2:3	80	78	61	24	49	31	4.00	1.08
BallarpurInds(10/100/f)	21.0	66.2	187.5	41.5	364.6	8.1	28.05	7.5	11.65	11.70	25.70	4.11	5.6	24.0	33	155.00	37.75	1:2	89	74	225	64	154	123	1.16	3.73
BarodaRayon(100/5/f)	18.0	32.4	0.0	280.0	132.9	1.0	18.25	13.6	11.30	11.33	16.15	46.74	29.7	20.0	17	830.00	17.76	1:2	82	23	837	285	818	617	1.30	2.96
BASF(10/50/d)	4.3	11.1	2.6	36.2	84.6	5.3	10.32	11.5	3.63	3.47	6.39	10.59	16.0	20.0	26	152.50	14.40	1:2	88	56	155	102	150	122	1.39	4.22
Bayer(100/5/d)	16.2	15.6	0.0	196.0	162.3	2.3	17.71	10.8	9.32	9.25	12.10	71.82	23.5	24.0	53	860.00	11.97	1:1	87	78	910	580	880	800	3.49	4.39
BergerPaints(10/100/f)	3.8	9.9	3.3	36.0	65.9	0.6	1.46	2.2	0.94	0.94	1.32	1.86	7.4	26.7	30	43.75	23.58	1:1	88	52	76	37	53	39	1.68	1.22
BharatForge(10/50/b)	14.2	25.7	0.0	28.1	235.1	12.8	22.07	8.9	12.33	12.84	19.32	12.99	20.6	25.0	21	100.00	7.70	1:1	88	61	202	65	94	85	1.85	3.56
BharatVijay(100/5/d)	2.8	10.9	6.8	493.1	78.4	1.7	6.92	8.6	3.96	3.81	7.25	178.70	15.5	20.0	18	480.00	2.69	1:6	83	54	895	525	573	490	5.19	0.97
BirlaJute(10/100/e)	20.4	168.0	0.0	92.5	401.8	15.9	31.16	7.5	11.04	11.04	29.06	5.42	5.9	18.0	33	67.50	12.45	1:1	86	86	74	40	65	52	2.67	0.73
BlueStar(10/50/f)	3.6	11.9	5.3	43.4	101.0	9.2	4.36	4.0	2.72	2.72	3.65	5.73	17.4	24.0	24	77.50	13.54	3:5	86	83	83	54	85	70	2.33	1.79
BombayDyg(10/50/e)	11.2	70.7	0.0	72.9	356.1	4.8	41.83	11.6	18.03	18.03	38.52	16.04	22.0	30.0	19	209.00	13.03	1:1	79	87	210	104	231	178	1.43	2.87
Boots(10/50/e)	8.1	8.8	0.0	20.8	61.0	1.7	8.49	13.5	4.43	3.86	5.57	5.47	26.3	23.0	48	110.00	20.11	1:1	87	86	148	100	138	98	2.09	5.28
BSES(10/50/e)	5.9	81.3	0.0	149.0	321.8	2.8	13.08	4.0	8.54	8.52	13.08	14.34	9.6	20.0	14	41.00	2.86	1:1	89	69	90	33	100	41	4.88	0.28
CableCorp(10/100/d)	9.0	18.7	0.0	30.7	122.1	4.9	19.17	15.1	10.34	10.17	12.59	14.36	29.9	22.0	24	67.50	4.70	1:2	87	71	92	58	71	59	4.08	2.20
Cadburys(10/50/f)	8.4	12.1	0.0	24.4	67.5	0.8	8.08	11.8	4.45	4.47	5.78	3.97	29.0	33.3	47	166.25	41.84	1:1	87	80	157	98	165	133	1.50	6.83
CeatTyres(10/50/e)	14.8	75.4	26.1	61.1	410.2	11.0	42.29	10.0	21.35	21.27	27.79	14.46	18.4	30.0	21	82.50	5.70	1:2	86	37	180	91	160	76	3.64	1.35
CochinRef(100/5/e)	68.5	82.2	0.0	220.0	1164.2	3.3	61.78	5.3	41.50	41.56	54.92	60.61	27.6	18.0	4	630.00	10.39	0.00		0	510	265	630	350	0.42	2.86
ColourChem(100/5/e)	7.9	13.4	0.0	268.8	101.5	4.6	6.46	6.1	3.02	3.66	5.41	38.04	14.2	22.0	48	660.00	17.35	2:5	80	84	700	410	825	575	3.34	2.46
CromptonGr(100/5/f)	9.6	39.1	28.5	507.0	320.2	3.0	14.82	4.6	7.75	8.91	12.52	60.55	13.4	24.0	19	940.00	15.53	1:1	89	69	1425	600	1000	900	1.92	1.85
Cyanamid(10/50/g)	5.3	9.8	0.0	28.6	64.1	2.0	5.87	8.9	2.96	0.55	4.79	7.52	14.8	15.0	191	102.50	13.63	9:4	79	74	108	55	115	86	1.95	3.59
DCM(10/100/f)	23.0	31.8	0.0	23.8	552.6	13.1	15.14	2.7	4.15	6.54	15.03	1.35	10.1	0.0	NA	51.25	37.90	4:5	71	61	85	31	54	46	NA	2.15
DCW(10/50/b)	5.9	20.4	14.8	44.6	170.3	3.8	7.88	4.5	3.85	3.85	7.38	9.80	6.2	21.3	29	62.00	6.32	1:1	88	67	44	25	56	40	3.01	1.39
DharamsiMor(10/50/d)	6.4	10.5	0.0	26.4	124.1	3.1	5.95	4.7	1.99	2.28	5.55	3.87	9.4	16.0	56	52.00	13.42	2:5	79	88	46	27	51	27	3.83	1.97
Dunlop(10/100/e)	19.0	64.8	94.6	44.1	407.7	10.3	32.06	7.7	9.99	9.99	23.24	5.24	5.6	30.0	57	57.00	10.88	1:3	76	54	100	61	75	53	5.27	1.29
EicherMot(10/100/h)	10.0	0.3	0.0	10.3	92.1	0.6	-2.74	-3.0	-3.42	-3.42	-2.74	-3.14	-36.4	0.0	NA	17.50	NA				17	9	18	9	NA	1.71
EIDParry(10/50/e)	6.3	14.5	13.3	33.1	206.7	27.3	15.40	6.6	9.42	9.42	12.59	15.00	27.6	25.0	17	90.00	6.00				72	34	88	72	2.78	2.72
EleconEngg(10/50/d)	5.7	27.0	0.0	57.7	150.0	1.4	13.11	8.7	3.27	3.25	10.94	7.23	8.0	16.0	35	72.50	10.02	3:5	87	61	85	50	88	74	2.76	1.26
EnglishElect(10/100/e)	9.0	18.2	0.0	30.2	60.9	1.1	4.88	7.9	2.46	2.46	3.51	2.73	9.1	7.5	28	70.00	25.61	1:1	87	75	72	47	67	56	1.08	2.32
Escorts(10/50/d)	33.9	91.0	23.7	36.9	759.0	24.4	32.81	4.2	18.00	18.31	29.40	6.64	9.7	22.4	48	87.50	13.18	3:5	86	57	84	58	90	58	2.96	2.37
Eskayef(10/50/g)	7.5	21.0	0.0	38.0	68.5	1.4	13.00	18.6	8.22	8.60	8.45	14.61	21.6	20.3	24	141.25	9.67	1:2	88	33	151	102	178	102	1.92	3.72
EssarShip(10/100/b)	46.1	47.8	0.0	20.4	142.9	1.5	45.49	31.5	19.39	19.52	43.34	6.28	13.7	20.0	68	35.25	5.61				35	16	37	25	8.14	1.73
ExcelInd(10/50/b)	4.6	11.5	0.0	34.9	103.2	8.2	12.05	10.8	7.17	6.77	9.95	23.28	29.7	66.7	68	192.50	8.27	4:5	84	82	180	116	197	116	5.19	5.52
FerroAlloys(10/50/f)	5.5	29.9	0.0	641.8	158.6	3.7	22.43	13.8	12.50	11.30	19.15	169.84	47.0	26.7	10	123.75	0.73	1:2	80	43	1675	580	126	105	2.15	0.19
FinolexPipes(10/100/f)	9.0	9.9	0.0	21.1	38.3	1.6	2.32	5.8	1.82	1.89	2.32	1.18	16.5	25.7	11	37.50	31.72				51	44	65	36	0.62	1.78
GE Shipping(10/100/f)	64.9	57.9	0.0	18.9	111.9	2.4	45.06	39.4	22.74	23.46	40.68	2.63	24.7	16.0	28	50.50	19.20	2:3	81	36	53	33	55	40	2.04	2.67
GeneralElect(10/50/e)	7.2	27.9	0.0	48.7	149.3	2.4	7.23	4.8	3.06	10.03	4.32	4.25	8.7	15.0	11	36.00	8.47	1:1	89	53	85	46	85	24	4.17	0.74
GermanRem(100/50/d)	3.3	5.4	0.0	26.7	56.4	0.9	2.11	3.7	0.77	1.01	1.91	2.95	7.1	12.0	49	75.00	25.40	3:5	82	80	102	60	100	69	2.00	2.81
Glaxo(10/50/f)	20.0	46.1	0.0	33.0	223.5	7.6	15.25	6.6	7.60	13.64	12.83	2.85	15.3	26.7	29	99.00	34.74	1:3	80	54	107	70	128	92	2.02	3.00
GNFC(10/50/f)	89.0	101.2	0.0	21.4	238.8	3.2	20.07	8.3	22.76	22.76	34.80	1.92	16.0	13.3	39	41.25	21.50				57	28	45	35	2.42	1.93
GodfreyPhil(10/100/d)	2.6	3.8	0.0	24.6	452.0	1.8	4.93	1.1	1.47	1.47	3.19	6.97	18.2	28.0	63	62.50	8.97	1:1	75	34	62	25	62	25	5.60	2.54
GokakPatel(10/50/f)	6.5	19.1	0.0	39.3	60.9	5.9	6.30	9.4	3.91	3.91	6.05	4.50	20.3	26.7	33	110.00	24.46	1:1	87	79	120	67	105	75	1.81	2.80
GoodlassNero(10/50/f)	3.2	6.2	8.0	29.0	84.8	0.9	1.49	1.7	0.95	0.95	1.28	2.20	7.3	16.7	43	72.50	32.97	5:7	78	57	90	42	83	60	1.75	2.50
Graphite(10/50/d)	4.2	9.6	0.0	32.8	58.6	2.3	4.16	6.8	2.13	2.13	3.72	6.24	12.2	16.0	40	47.50	7.62	1:2	80	56	38	18	52	15	4.20	1.45
Grasim(10/50/e)	48.5	217.7	0.0	54.9	803.0	32.2	92.27	11.0	39.64	48.33	73.12	8.13	14.8	27.5	22	123.00	15.12	3:4	88	61	137	75	129	106	1.74	2.24
GreavesCot(100/5/f)	9.9	23.2	0.0	334.9	142.8	3.0	8.08	5.5	5.02	5.01	6.44	37.88	20.1	24.0	24	660.00	17.42	1:2	88	86	720	375	710	650	1.81	1.97
GSFC(10/50/d)	44.9	208.5	0.0	56.4	676.3	14.7	70.61	10.2	35.55	48.66	61.51	9.88	11.2	30.0	21	180.00	18.22	3.10	87	64	190	123	200	116	1.25	3.19

NOTE: The year ending 31 March 1989 for all the above companies. The accounting period in each case is, however, mentioned in the bracket following the company's name: a–8 months; b–18 months; c–10 months; d–15 months; e–12 months; f–9 months; g–16 months; h–11 months; i–14 months; j–17 months; k–13 months; l–7 months.

Where the accounting period is other than 12 months, the figures for EPS, return on net worth and dividend have been annualised.

VITAL STATISTICS

Company (The figures following the company name indicate face value and market lot in that order)	Eq Cap RsCr	Free Res RsCr	Revl Res RsCr	Book Value Rs	Gross Sales RsCr	Other Inc RsCr	Gross Profit RsCr	GrPr Mgn (%)	PAT RsCr	Adj PAT RsCr	Cash Earn RsCr	EPS Rs	Ret/ Net Worth (%)	Div (%)	Pay Out (%)	Mkt Price 30 Mar	P/E Multiple	Last Bonus Ratio	Last Bonus Year	Bonus % in Cap	MarketPrice 1989 High Rs	MarketPrice 1989 Low Rs	MarketPrice 1990 High Rs	MarketPrice 1990 Low Rs	Yield on Mkt Price (%)	Price to BkVal Times
Guj Alkalies(10/50/e)	17.9	31.0	0.0	27.3	101.0	1.3	15.69	15.3	8.01	5.73	16.89	4.47	16.4	26.0	81	83.50	18.67	1:5	87	18	78	62	89	62	3.12	3.06
Guj Ambuja(10/100/e)	20.0	5.6	0.0	12.8	94.2	1.4	11.58	12.1	3.86	3.97	11.59	1.93	15.1	12.0	60	24.50	12.69				28	14	26	20	4.90	1.92
Guj Steel(10/50/e)	4.6	9.8	7.3	313.0	116.2	1.8	3.39	2.9	1.80	1.59	4.15	39.13	8.3	15.0	43	28.00	0.72	1:1	82	57	380	210	36	28	5.36	0.09
ICL(10/100/e)	14.9	24.7	0.0	26.6	172.5	2.0	11.39	6.5	9.60	9.60	10.93	6.46	24.3	10.0	15	35.00	5.41				43	27	37	24	2.85	1.31
HDFC(100/10/f)	20.0	44.6	0.0	322.9	107.5	0.2	18.69	17.3	16.47	14.50	17.96	61.76	34.0	18.7	19	355.00	5.75				345	175	400	175	3.94	1.10
Herdillia(10/50/f)	7.4	24.4	15.0	43.2	65.1	1.5	9.83	14.8	6.24	5.66	7.72	6.37	17.8	28.0	27	92.00	14.45	1:2	78	33	112	66	100	85	2.28	2.13
HeroHonda(10/50/f)	16.0	3.8	0.0	12.3	101.7	2.8	-1.38	-1.3	-4.97	-4.70	-1.38	-3.11	-25.2	0.0	NA	18.00	NA				39	16	21	15	NA	1.46
Hind Br Bv(10/50/h)	5.3	16.6	8.9	414.2	139.2	4.9	4.52	3.1	3.10	3.51	4.21	53.82	11.0	25.1	34	75.00	1.39	1:3	78	30	910	600	70	66	3.35	0.18
Hind Ciba(100/5/d)	17.7	40.1	0.0	326.3	255.5	3.7	31.40	12.1	14.91	13.59	22.17	105.24	20.6	24.0	39	1280.00	12.16	1:2	80	74	1465	600	1660	1050	2.34	3.92
Hind Motors(10/100/e)	26.4	46.0	32.3	27.4	525.9	13.2	5.34	1.0	-5.81	-4.77	5.34	-2.20	-5.6	7.5	-41	24.00	NA	1:1	86	58	51	20	31	20	3.12	0.87
Hoechst(100/5/d)	9.6	32.8	17.5	442.1	239.4	29.6	8.55	3.2	4.51	4.51	7.70	58.85	6.0	16.0	43	1830.00	31.10	1:2	82	72	2040	490	2300	1410	1.10	4.14
HyderabadInd(10/50/d)	5.5	33.6	8.9	70.8	143.9	5.9	11.74	7.8	6.23	6.23	8.55	14.08	10.4	20.0	23	117.00	8.31	1:1	88	82	153	77	153	77	2.19	1.65
ICI (10/50/b)	40.9	84.2	39.4	30.6	693.6	170.2	42.45	4.9	20.90	21.80	41.17	7.67	8.5	15.0	42	41.00	5.35	1:3	78	21	69	37	50	36	5.49	1.34
IndiaCements(10/50/e)	4.9	19.0	24.8	48.8	132.2	4.8	3.00	2.2	-1.16	-0.87	3.00	-2.37	-2.4	8.0	-45	19.00	NA	2:5	70	29	32	13	20	15	4.19	0.39
IndiaFoils(10/50/d)	4.4	15.1	3.8	44.5	105.2	9.3	6.23	5.4	2.70	2.70	4.33	7.71	9.3	24.0	49	80.00	10.38	1:4	82	11	103	61	95	72	3.74	1.80
IndianDystuff(100/5/e)	11.3	13.4	18.5	218.6	190.5	13.2	5.46	2.7	0.82	1.59	5.46	7.24	1.9	10.0	59	350.00	48.32	1:4	80	40	260	165	380	210	2.37	1.60
IndianHotels(10/50/e)	14.8	49.7	0.0	43.6	115.9	1.9	17.11	14.5	9.37	9.37	15.61	6.34	14.5	30.0	32	91.00	14.36	1:2	89	50	150	80	93	82	2.20	2.09
IndianOrganic(10/50/e)	18.4	20.6	0.0	21.2	215.7	5.9	17.48	7.9	5.44	5.44	16.76	2.96	13.9	10.0	34	54.00	18.26	1:2	85	46	54	23	59	47	1.85	2.55
IndianRayon(10/50/e)	25.4	122.3	68.5	58.1	309.7	9.6	31.00	9.7	9.82	10.88	31.01	3.81	4.5	28.0	66	101.50	26.62	1:4	80	3	106	75	108	84	2.76	1.75
IndiaSteamship(10/50/e)	9.9	-53.5	0.0	-44.1	83.7	8.7	22.70	24.6	11.61	11.61	22.69	11.72	-26.6	0.0	NA	15.00	1.28	1:1	75	27	17	10	20	12	NA	NA
IngersollRand(10/50/d)	15.8	23.1	0.0	24.6	102.3	7.2	21.73	19.8	13.21	13.21	14.51	10.46	27.2	36.0	27	230.00	21.98	1:1	89	97	425	180	245	190	0.98	9.33
IOL (10/50/b)	14.6	19.2	13.5	23.2	221.8	0.7	12.94	5.8	4.17	5.70	12.16	4.28	5.9	6.7	26	35.00	8.17	1:3	85	81	50	41	50	33	2.86	1.51
ITC (10/100/f)	66.3	41.9	84.5	16.3	1058.7	9.0	53.00	5.0	29.20	29.20	34.99	3.30	20.2	53.3	45	65.00	19.69	1:1	89	63	130	40	63	50	3.08	3.99
JagtjitInd(10/100/e)	6.1	19.1	3.9	41.5	121.8	1.8	12.99	10.5	8.45	8.45	10.40	13.93	29.1	35.0	25	110.00	7.90	1:1	88	92	120	60	120	74	3.20	2.65
JaiprakashInd(10/100/d)	66.1	41.9	9.5	16.3	217.4	20.4	35.49	14.9	11.90	12.36	33.26	2.25	8.1	14.4	96	15.00	6.67				17	10	19	13	11.95	0.92
JayshreeTea(10/50/e)	6.2	15.1	23.6	34.6	97.4	14.1	7.96	7.1	1.03	2.68	6.99	1.67	2.3	15.0	34	125.00	74.64	1:2	85	92	113	47	141	113	1.20	3.61
Jenson&Nichol(10/50/f)	1.5	4.5	2.2	39.9	53.8	0.4	1.80	3.3	1.16	1.17	1.59	5.75	18.8	20.0	20	76.00	13.22	8:7	82	35	65	32	86	45	2.02	1.91
JindalStrips(10/100/f)	3.3	19.8	0.0	69.9	136.9	3.5	9.06	6.5	5.77	6.57	7.99	13.11	33.3	33.3	13	120.00	9.15	1:1	89	58	285	112	145	102	2.10	1.72
JyotiInd(10/50/b)	2.7	10.2	8.6	48.1	59.1	0.6	-10.42	-17.5	-11.64	-11.62	-10.42	-65.15	-36.2	0.0	NA	16.00	NA	1:2	77	24	11	6	23	8	NA	0.33
KanonaChem(10/100/f)	4.0	25.7	0.0	73.6	51.1	1.7	4.69	8.9	0.68	0.68	4.58	1.26	3.0	20.0	59	18.00	14.26	1:2	89	66	51	29	51	29	5.50	0.24
KEC Intl(10/50/b)	7.3	29.0	4.7	49.5	139.4	11.2	6.31	4.2	2.79	3.59	4.71	5.70	4.5	16.7	35	50.00	8.77	1:1	83	35	72	26	65	40	3.43	1.01
KineticHonda(10/100/i)	10.0	2.8	0.0	12.8	69.9	1.2	3.17	4.5	1.57	1.36	3.18	1.83	10.5	0.0	NA	36.00	19.65				36	23	38	23	NA	2.80
KirloskarOil(10/50/f)	5.8	15.0	0.0	36.0	102.6	3.5	5.28	5.0	2.28	2.34	4.76	2.87	14.2	13.3	26	38.00	13.24	3:7	76	77	67	29	36	27	2.65	1.05
KirloskarPneu(10/50/b)	3.9	9.0	0.0	33.5	103.1	5.6	10.92	10.0	6.65	6.55	9.36	25.91	34.4	15.0	13	52.50	2.03				73	45	73	52	4.30	1.57
KothariInd(10/50/e)	7.6	5.8	41.5	17.7	74.4	2.6	5.38	7.0	3.55	3.55	5.09	4.70	6.5	12.5	26	45.00	9.57				34	6	49	33	2.77	2.55
KSB Pumps(10/50/d)	8.7	14.7	0.0	26.9	55.4	1.4	15.10	26.6	8.31	8.38	9.81	11.94	28.4	24.0	16	217.50	18.22	1:1	89	90	445	180	210	185	0.69	8.08
LakhanpalNat(10/50/e)	4.7	6.1	0.0	23.1	61.2	0.6	2.79	4.5	1.16	1.15	1.85	2.47	10.7	16.0	31	30.00	12.13	1:1	87	50	40	16	34	23	2.56	1.30
LakshmiMach(100/5/d)	6.1	18.9	0.0	409.7	614.0	10.0	16.42	2.6	6.97	6.80	15.77	143.06	22.3	16.0	18	900.00	6.29	1:2	89	58	700	365	960	690	2.23	2.20
L&T(10/50/b)	68.1	209.9	84.3	40.8	1197.1	16.0	109.4	9.0	36.52	42.49	96.56	8.05	6.7	20.0	41	82.00	10.19	3:5	86	56	128	69	85	59	3.11	2.01
MadrasCements(100/5/d)	3.0	12.0	0.0	498.0	99.7	1.4	4.85	4.8	-7.07	-6.71	4.81	-297.19	-38.2	0.0	NA	550.00	NA				810	380	600	421	NA	1.10
MaduraCoats(10/50/f)	21.8	46.8	56.9	31.4	210.0	1.7	20.74	9.8	11.43	11.49	18.79	3.93	12.1	33.3	48	112.50	28.65	1:2	86	47	109	90	111	100	2.23	3.58
MafatlalDyes(10/50/d)	3.2	7.9	0.0	35.0	52.6	1.9	2.78	5.1	1.49	1.49	1.63	5.91	10.8	13.6	19	39.00	6.60	1:4	89	67	70	27	48	35	2.36	1.11
MafatlalFine(100/5/e)	14.5	23.8	0.0	264.3	177.4	14.9	7.98	4.2	1.33	3.04	7.72	9.19	3.5	10.0	48	267.50	29.10	1:3	80	39	375	180	270	205	3.75	1.01
MafatlalInd(100/5/e)	13.5	43.5	0.0	423.6	125.3	10.5	8.41	6.2	0.65	0.67	7.51	4.83	1.1	20.0	322	450.00	93.12	1:5	78	32	390	255	465	360	3.57	1.06
Mah&Mah(10/50/j)	19.3	76.2	29.8	49.5	955.9	36.9	45.58	4.6	18.54	20.09	42.48	13.64	10.5	24.7	34	77.50	5.68	2:3	84	72	113	76	103	67	4.61	1.56
Mang chem(10/50/d)	12.4	12.4	0.0	20.0	144.8	36.3	10.09	5.6	8.85	12.74	18.84	8.91	28.6	8.0	10	18.50	2.08				54	17	24	16	5.40	0.93
May&Baker(10/50/d)	4.5	7.6	0.0	26.9	70.4	2.0	5.88	8.1	3.96	0.93	5.30	11.00	26.2	12.0	73	78.75	7.16				85	50	98	70	1.92	2.93
McDowells(10/100/f)	7.7	47.8	21.0	72.2	135.2	8.6	11.21	7.8	8.65	8.65	11.20	8.44	15.1	26.7	18	88.75	10.52	1:1	86	81	112	68	87	74	2.26	1.23
ModiInd(10/100/b)	3.3	0.0	0.0	10.0	230.7	6.4	-10.96	-4.6	-16.34	-8.39	-10.97	-74.23	-329.9	0.0	NA	19.00	NA	1:5	69	26	35	16	30	16	NA	1.90
ModiXerox(10/50/h)	19.5	1.8	0.0	10.9	87.2	0.9	8.70	9.9	4.29	3.57	7.97	2.02	22.1	12.0	56	71.00	35.15				73	52	70	64	1.44	6.51
MRF(10/50/b)	3.9	44.9	0.0	126.2	743.3	1.4	55.61	7.5	25.02	25.02	40.95	97.23	34.2	60.0	14	210.00	2.16	1:2	75	46	470	275	332	210	4.28	1.66
Mukand(10/50/f)	14.7	35.0	45.2	33.7	316.0	1.8	26.27	8.3	17.51	17.41	23.42	8.91	24.6	26.7	17	140.00	15.71	1:2	88	72	145	75	157	127	1.43	4.15
NationalSteels(10/50/e)	4.2	6.5	0.0	25.7	66.0	2.7	4.95	7.2	1.67	1.67	4.95	3.94	15.4	15.0	38	12.50	3.17				17	6	15	9	12.12	0.49
NatRayon(100/5/f)	6.0	-12.1	64.3	-101.3	123.0	1.0	3.31	2.7	1.73	1.31	3.31	20.34	3.7	0.0	NA	650.00	31.96	1:4	72	23	500	140	610	280	NA	NA
NipponDenro(10/100/b)	11.6	14.8	0.0	22.7	155.8	3.0	10.73	6.8	5.13	5.13	10.08	6.62	13.0	20.0	57	45.00	6.80				63	31	58	40	5.54	1.98
Nirlon(10/50/b)	15.8	8.5	16.7	15.4	153.9	2.1	-32.90	-21.1	-51.02	-73.38	-32.90	-48.56	-83.1	0.0	NA	16.50	NA	1:2	82	48	17	8	22	13	NA	1.07
NOCIL(100/5/d)	36.0	82.0	0.0	327.8	449.6	16.2	75.77	16.3	40.74	40.79	55.77	141.46	27.6	32.0	35	1270.00	8.98	1:2	86	67	1690	710	1660	1170	3.15	3.87
OrientalCarbon(10/50/e)	2.4	8.6	6.4	45.5	50.5	0.2	3.50	6.9	1.40	1.40	3.25	5.79	8.0	22.5	39	37.00	6.40	1:3	89	25	65	34	65	34	6.03	0.81
OrientPaper(10/100/e)	11.5	80.9	0.0	80.6	190.3	4.6	8.23	4.2	0.93	3.03	8.03	0.79	1.0	10.0	38	67.50	84.93	1:1	86	94	79	20	79	65	1.49	0.84
OrissaCement(10/100/d)	5.4	26.7	23.7	59.4	141.5	3.8	8.22	5.7	0.25	6.28	8.22	0.58	0.4	16.0	17	32.00	55.30	1:1	87	58	37	32	37	30	6.25	0.54

NOTE: The year ending 31 March 1989 for all the above companies. The accounting period in each case is, however, mentioned in the bracket following the company's name: a–8 months; b–18 months; c–10 months; d–15 months; e–12 months; f–9 months; g–16 months; h–11 months; i–14 months; j–17 months; k–13 months; l–7 months.

Where the accounting period is other than 12 months, the figures for EPS, return on net worth and dividend have been annualised.

INVESTMENT WORLD

VITAL STATISTICS

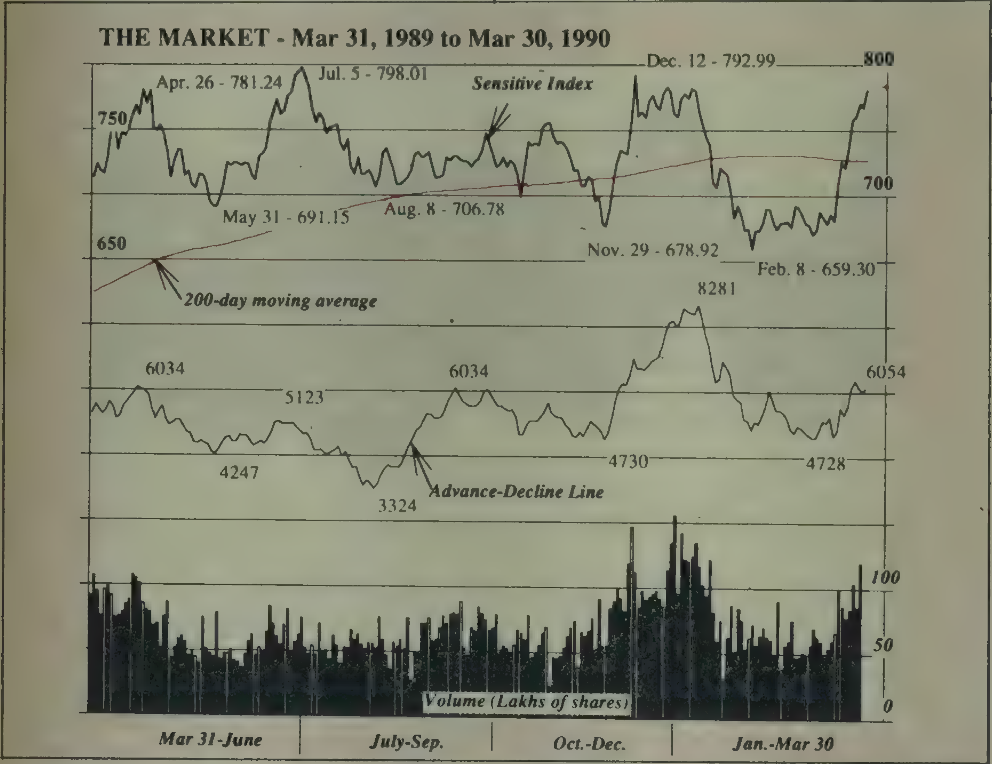
Company (The figures following the company name indicate face value and market lot in that order)	Eq Cap RsCr	Free Res RsCr	Revl Res RsCr	Book Value Rs	Gross Sales RsCr	Other Inc RsCr	Gross Profit RsCr	GrPr Mgn (%)	PAT RsCr	Adj PAT RsCr	Cash Earn RsCr	EPS Rs	Ret/ Net Worth (%)	Div (%)	Pay Out (%)	Mkt Price 30 Mar	P/E Multiple	Last Bonus Ratio	Last Bonus Year	Bonus % in Cap	MarketPrice 1989 High Rs	MarketPrice 1989 Low Rs	MarketPrice 1990 High Rs	MarketPrice 1990 Low Rs	Yield on Mkt Price (%)	Pric to BkV Time
Otis(10/50/g)	5.0	15.1	0.0	39.9	78.6	1.5	14.60	18.2	7.42	7.42	9.23	19.63	27.7	30.0	27	235.00	11.97	1:1	85	86	215	170	225	190	1.71	5.8
ParkeDavis(10/50/g)	7.5	7.3	0.0	19.7	100.8	1.0	6.16	6.1	3.06	3.37	4.16	5.42	15.5	26.3	78	98.75	18.23	3:5	78	31	115	37	143	85	3.55	5.0
PeicoElec(10/100/d)	33.3	19.9	20.0	16.0	506.3	6.0	-3.15	-0.6	-17.00	-13.49	-15.61	-6.38	-18.6	0.0	NA	29.00	NA	1:5	82	49	30	15	31	15	NA	1.8
PhillipsCarbon(10/50/e)	5.3	6.6	4.2	22.5	65.0	1.7	2.69	4.0	1.21	1.21	1.69	2.30	7.5	18.0	79	47.00	20.43	2:5	84	70	47	27	48	40	3.84	2.0
Polyolefins(100/5/d)	19.3	45.0	0.0	333.3	224.7	12.2	41.60	17.6	27.12	27.12	32.39	175.65	33.7	28.0	25	1115.00	6.35	1:2	88	69	1450	890	1525	1050	3.14	3.3
PrakashTubes(10/50/e)	3.5	11.5	0.0	42.7	71.3	0.5	5.27	7.3	2.56	2.56	4.79	7.29	17.1	21.0	29	33.00	4.52	3:4	81	9	59	30	59	28	6.39	0.7
PremierAuto(10/50/e)	21.1	62.1	50.7	39.5	452.2	13.0	24.78	5.3	13.65	13.74	21.33	6.48	10.2	27.0	35	60.00	9.25	1:1	86	38	76	39	75	56	3.78	1.52
Procter&Gamble(10/50/e)	6.7	11.6	0.0	27.4	65.4	2.1	9.11	13.5	6.15	6.26	7.24	9.21	33.6	30.0	32	220.00	23.90	4:5	88	82	410	170	235	185	1.36	8.02
PudumjeePulp(10/50/d)	3.1	12.0	0.0	48.9	51.5	1.8	5.77	10.8	2.38	2.38	5.31	9.66	12.7	12.0	19	117.50	12.16	1:5	82	55	100	16	135	60	1.27	2.40
PunjabConcast(10/50/f)	1.2	10.9	0.0	102.5	58.2	0.2	6.25	10.7	3.69	4.38	4.75	23.45	40.7	33.3	7	215.00	9.17				380	122	265	181	1.14	2.10
PunjabTractors(10/50/g)	3.2	20.8	0.0	76.2	117.4	1.6	8.53	7.2	3.90	3.90	5.55	16.51	12.2	30.0	16	180.00	10.90	2:5	81	29	250	115	158	135	1.09	2.36
Rallis(10/50/h)	9.5	36.2	0.0	48.0	296.7	2.5	11.52	3.9	7.59	8.02	10.28	7.30	18.1	27.3	30	80.00	10.96	3:10	77	12	150	90	105	70	3.12	1.67
RanbaxyLabs(10/50/d)	9.0	29.1	0.0	42.5	179.7	6.4	10.20	5.5	5.57	2.60	9.63	7.77	11.7	30.0	56	98.75	12.72	1:1	88	NA	132	70	108	86	1.64	2.32
Rasoi(10/50/d)	1.2	5.7	0.0	57.7	74.2	1.2	1.73	2.3	0.77	0.91	1.40	8.02	8.9	16.0	26	60.00	7.48	1:2	85	35	75	45	66	50	3.33	1.04
RathiAlloys(10/50/f)	2.9	12.9	0.0	54.9	84.2	0.3	9.67	11.4	2.02	2.02	7.77	5.26	17.0	40.0	43	147.50	28.04				167	93	167	90	2.05	2.69
Raymonds(10/50/e)	22.5	69.2	0.0	40.8	295.1	4.4	42.35	14.1	21.10	21.47	36.75	9.24	22.7	20.0	21	82.00	8.88	1:1	87	78	86	66	77	70	2.44	2.01
Reliance(10/50/f)	152.1	913.4	0.0	70.0	1112.5	7.9	166.2	14.8	79.37	95.40	166.2	3.88	9.9	40.0	48	65.50	16.88	3:5	83	10	158	70	90	51	4.58	0.94
Searle I(10/50/d)	5.2	14.8	0.0	38.4	51.5	1.5	5.14	9.7	2.66	2.81	3.99	6.37	10.6	16.8	30	125.00	19.62	1:2	89	87	217	87	150	110	1.27	3.26
SesaGoa(10/50/e)	5.2	10.2	0.0	29.8	53.9	0.3	3.43	6.3	1.10	1.13	3.22	2.14	7.2	14.0	64	93.50	43.78	2:5	86	42	78	26	98	73	1.50	3.13
SeshaPaper(10/100/e)	6.3	0.0	0.0	10.0	53.3	1.8	0.53	1.0	-2.50	-2.50	0.52	-4.00	-40.0	0.0	NA	13.50	NA	1:2	76	28	19	4	19	8	NA	1.35
ShalimarPaints(10/100/d)	1.9	1.6	0.0	18.4	69.8	0.6	-1.96	-2.8	-2.09	-2.09	-1.96	-13.82	-48.0	0.0	NA	44.00	NA	3:10	82	67	49	20	43	38	NA	2.39
ShawWallace(10/100/f)	12.0	28.1	0.0	33.4	216.3	20.7	15.67	6.6	8.85	8.85	10.02	5.53	29.4	40.0	41	80.00	14.46	1:1	87	94	103	74	92	68	3.75	2.39
ShreeSyn(10/50/f)	5.6	15.1	0.0	36.9	94.4	0.4	9.33	9.8	4.29	4.29	8.98	5.73	27.6	33.3	33	52.50	9.17	2:5	84	29	72	31	58	42	4.78	1.42
SI Viscose(100/5/e)	11.0	21.2	0.0	292.1	103.0	1.9	21.63	20.6	12.89	17.09	15.43	116.86	40.0	35.0	23	1290.00	11.04	1:2	87	56	1170	650	1270	800	2.71	4.42
SiptaCoated(10/100/j)	17.6	6.3	0.0	13.6	129.4	2.9	4.76	3.6	1.25	1.71	4.03	1.01	3.7	12.0	89	16.50	16.39				28	15	30	14	5.24	1.21
SiyaramSilk(10/100/d)	3.7	7.9	0.0	31.7	86.4	1.7	5.14	5.8	1.14	1.14	4.92	3.89	7.9	14.4	58	30.00	7.71	1:2	88	42	40	23	32	24	6.01	0.95
SKF Bearings(100/5/d)	24.7	36.4	0.0	247.4	131.1	4.6	34.93	25.8	21.12	21.01	27.43	106.88	27.7	24.0	18	1390.00	13.00	1:1	89	80	3020	1140	1570	1140	1.08	5.62
SpecialSteels(10/50/d)	11.4	20.0	0.9	27.5	205.9	0.8	24.22	11.7	14.96	12.60	19.57	16.39	37.0	20.0	15	107.50	6.56	1:2	89	45	168	103	120	90	1.55	3.90
SPIC(10/50/d)	34.0	74.2	173.4	31.8	557.8	24.1	44.02	7.6	13.86	13.86	40.77	5.10	3.9	16.0	49	59.00	11.58	1:1	86	50	65	38	62	50	3.39	1.85
StandardInd(10/50/e)	11.1	37.9	35.0	44.3	176.4	16.4	12.08	6.3	3.97	3.97	11.93	3.59	4.7	20.0	56	79.00	22.01	2:5	82	72	580	210	69	61	2.53	1.78
StrawProducts(10/100/d)	10.1	38.5	0.0	48.0	152.4	4.0	11.72	7.5	4.70	4.70	11.41	-6.50	-8.7	24.0	-58	82.00	NA	1:2	72	17	105	45	102	75	3.66	1.71
SundramFast(10/50/e)	5.1	12.1	0.0	33.6	70.9	1.3	6.76	9.4	3.50	3.60	6.01	6.86	20.4	25.0	36	76.00	11.07	3:5	88	56	86	50	86	72	3.30	2.26
SupremeInd(10/50/e)	2.3	13.5	18.6	69.1	85.3	0.6	5.92	6.9	3.27	3.27	5.86	14.34	9.5	45.0	26	270.00	18.83	1:1	87	70	270	187	310	225	1.40	3.91
SurajDiamonds(10/100/h)	7.7	21.3	0.0	37.8	72.6	0.0	6.66	9.2	6.29	6.29	6.51	7.53	23.7	21.8	14	61.00	8.10				110	60	65	50	1.86	1.61
SwadeshiPoly(10/50/b)	3.9	13.9	19.8	45.7	98.6	2.8	7.84	7.7	3.50	4.77	4.34	13.46	6.2	23.3	29	46.00	3.42				57	28	57	28	7.64	1.01
SylvaniaLaxman(10/50/b)	3.0	0.4	7.3	11.3	54.2	1.0	0.57	1.0	-0.52	0.36	0.57	-2.67	-3.3	0.0	NA	25.00	NA	1:2	86	33	26	12	30	18	NA	2.20
Syn&Chem(10/50/e)	5.8	9.4	27.1	26.1	119.7	1.1	8.48	7.0	6.30	6.34	7.38	10.84	14.9	25.0	23	78.00	7.19				81	47	84	64	3.20	2.99
TataChem(10/50/e)	49.2	215.8	0.0	53.9	256.8	34.9	67.80	23.2	35.79	35.79	53.30	7.28	13.5	19.0	24	123.50	16.97	2:5	85	29	130	98	137	119	1.40	2.29
TataPower(100/5/e)	20.5	80.0	0.0	490.7	367.1	12.4	29.16	7.7	22.63	22.45	29.34	110.11	22.4	18.0	16	467.50	4.25	1:5	75	6	457	300	620	410	3.84	0.95
TataRobins(10/50/e)	3.1	4.9	0.0	25.6	54.5	1.2	2.76	5.0	0.92	0.92	1.93	2.95	11.5	18.0	41	38.00	12.89	1:4	77	5	63	42	47	35	3.21	1.48
TataTea(10/50/d)	17.1	78.8	0.0	56.1	218.9	12.6	28.61	12.4	16.86	36.68	21.91	12.33	14.1	40.0	21	194.00	15.73	2:5	88	40	208	120	203	175	2.36	3.46
TCI(10/50/f)	5.1	14.1	15.8	37.8	88.0	0.7	3.36	3.8	1.11	1.11	3.36	1.64	4.2	14.7	50	49.50	30.21	1:2	86	81	34	14	44	28	2.23	1.31
Telco(100/5/e)	103.7	307.4	0.0	396.5	1638.5	37.9	128.3	7.7	70.03	71.44	113.18	67.36	17.0	25.0	34	127.00	1.89	2:5	82	24	1195	657	127	110	1.84	0.32
Tinplate(10/50/e)	10.1	11.1	0.0	21.0	138.2	1.1	7.27	5.2	4.37	4.37	6.53	4.32	20.6	15.0	35	35.00	8.11	4:5	76	19	42	20	35	27	4.29	1.67
Tisco(10/50/e)	156.1	645.5	0.0	51.4	1772.5	89.3	274.0	14.7	154.3	134.8	248.0	9.89	19.3	30.0	34	125.00	12.64	2:5	87	44	158	102	120	103	2.37	2.43
Tomco(25/5/e)	8.1	20.6	0.0	88.5	282.1	6.5	4.98	1.7	2.16	2.16	4.36	6.26	7.1	15.0	60	132.50	21.17	1:5	81	36	95	52	140	90	2.84	1.50
TribeniTiss(10/50/d)	8.0	8.0	0.0	20.1	57.1	0.1	5.00	8.8	2.07	2.60	3.63	3.25	10.4	18.0	69	97.00	29.80	1:4	84	31	95	34	81	75	2.32	4.84
TVS Suzuki(10/100/k)	23.1	-5.4	0.0	7.7	174.4	2.2	7.60	4.3	3.09	3.09	7.60	1.45	16.1	0.0	NA	12.50	8.63				26	11	17	11	NA	1.63
UnichemLab(10/50/b)	1.4	4.8	3.6	45.7	65.9	1.2	0.99	1.5	0.16	0.22	0.96	1.78	1.1	10.0	90.91	39.00	21.94	1:2	86	67	62	40	62	30	2.28	0.85
UnionCarbide(10/50/d)	32.6	45.0	0.0	23.8	254.3	3.5	12.33	4.8	5.52	9.92	9.33	2.12	5.7	0.0	NA	23.75	11.21	1:2	80	74	29	18	30	21	NA	1.00
Unitech(10/100/d)	7.2	12.8	0.0	27.8	58.1	0.9	6.89	11.7	4.68	4.78	5.59	8.11	18.7	20.0	31	33.00	4.07				30	18	43	26	6.30	1.19
UnivCables(10/50/e)	5.3	42.1	0.0	88.8	116.6	2.1	15.08	12.7	1.02	1.46	3.08	1.91	2.2	27.0	75	110.00	57.59	1:2	79	22	180	110	122	100	1.86	1.24
VideoconIntl(10/100/b)	2.5	5.7	0.0	32.7	103.3	2.6	11.91	11.2	6.32	6.32	11.56	37.92	51.5	26.7	16	185.00	4.88				205	55	205	113	2.16	5.65
VindhyaTele(10/100/e)	3.9	9.3	0.0	33.7	53.4	1.4	10.11	18.4	6.67	6.73	8.21	17.10	50.7	22.5	13	97.50	5.70				145	85	93	80	2.31	2.89
Voltas(10/50/l)	19.9	28.2	0.0	242.3	264.1	1.2	11.53	4.3	8.63	9.03	11.53	25.36	30.8	24.0	20	70.00	2.76	1:2	89	49	1000	470	79	63	3.43	0.29
VST Ind(10/50/b)	9.7	10.2	16.5	20.5	434.2	3.2	8.31	1.9	4.82	4.82	6.76	7.49	8.8	33.3	63	49.00	6.54	3:5	89	85	57	22	45	33	6.39	2.38
WestCoastPaper(100/5/f)	4.1	4.5	0.0	210.2	65.9	0.8	1.35	2.0	0.37	0.32	1.35	6.77	5.7	0.0	NA	370.00	54.67	1:5	74	37	220	81	440	290	NA	1.76
Wimco(10/50/d)	13.6	5.5	0.0	14.0	137.2	2.3	-7.87	-5.6	-13.17	-10.68	-10.43	-12.12	-55.3	0.0	NA	19.25	NA	1:5	70	31	27	17	20	17	NA	1.37
Wipro(10/50/f)	3.7	16.7	0.0	55.4	115.0	5.5	5.40	4.5	2.68	2.68	4.90	5.46	17.5	33.3	17	200.00	36.62	1:1	89	95	450	190	275	190	0.63	3.61
ZuanAgro(10/50/d)	12.4	54.5	0.0	53.8	247.2	99.9	27.19	7.8	12.06	15.19	18.04	11.37	13.5	28.0	30	62.00	5.45				77	58	65	56	5.64	1.15

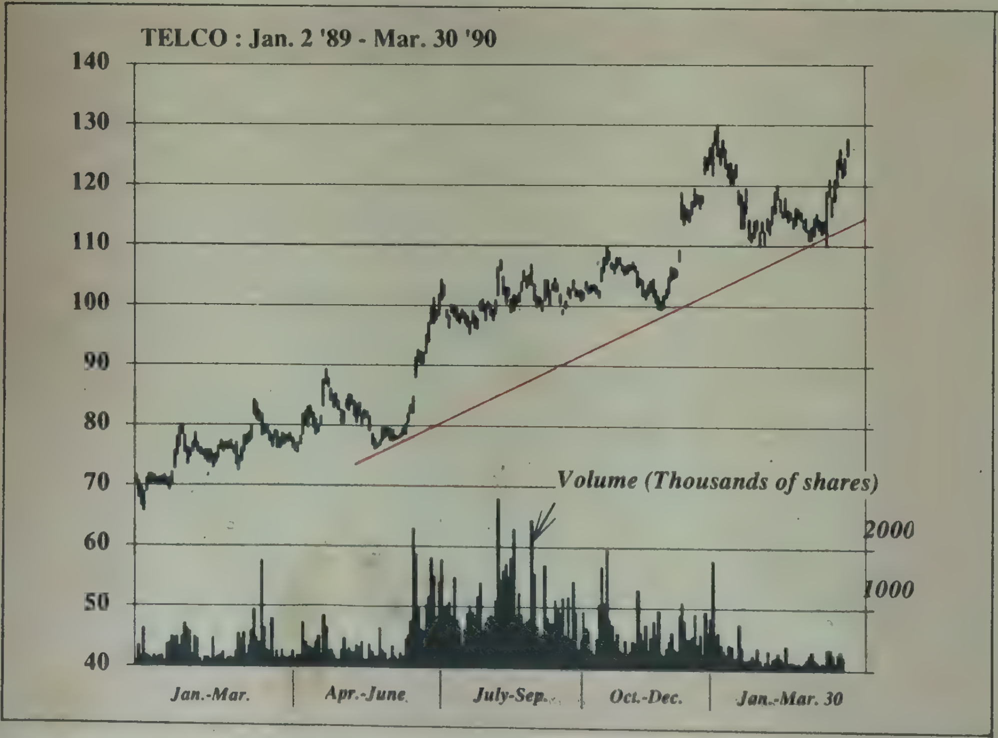
NOTE: The year ending 31 March 1989 for all the above companies. The accounting period in each case is, however, mentioned in the bracket following the company's name: a–8 months; b–18 months; c–10 months; d–15 months; e–12 months; f–9 months; g–16 months; h–11 months; i–14 months; j–17 months; k–13 months; l–7 months.
Where the accounting period is other than 12 months, the figures for EPS, return on net worth and dividend have been annualised.

BULLS WITH NINE LIVES

A spectacular fortnight of trading (16-30 March) saw the Bombay stock exchange sensitive index (Sensex) jump from 686.29 to 781.05. The National Index stayed in step, going up from 376.60 to 420.62. This brought both indices within sniffing distance of their all-time highs — these being 425.91 (10 January 1990) for the National and 798.01 (5 July 1989) for the Sensex. Since the last bottom of 8 February, the National has risen by 50.67 points, and the Sensex by 122.21. The fortnight also saw a change at the top of the Unit Trust of India, but the bulls were too absorbed with themselves to notice, if the latest kerb rates were any indication.

The 200-day moving averages (DMA) of the two indices are now running completely flat. This behaviour is consistent with the reluctance of the market to explore unfamiliar territory in either direction. For the record, the 200-DMA of the Sensex declined during the fortnight from 728.68 to 727.66, while that for the National rose from 386.33 to 386.85. Both averages were rising during the last week, though the degree of the rise was noticeable only to the right of the decimal.





With the 200-DMAs having little to offer by way of forecasting ability at the moment, we turn to the Advance-Decline (A-D) line. This improved over the fortnight from 4,922 to 6,054. This rise has not been as dynamic as that accompanying the 29 November-10 January rally, but as this move is still not over, it is much too early to be concerned. As far as the A-D line signals are concerned, failure to reach the previous top of 8,281 would be a warning that the bull market may be ending. However, such a signal had been given after the 5 July peak, without a bear market materialising. Nevertheless, this rally has lacked allout participation by lower-priced stocks.

SUSPECT SIGNALS

Technical analysts who use the Sensex with the Dow Theory have been proclaiming a bear market for a few months now. The National Index has yet to provide any such signal. The Sensex's signals are, however, suspect — it peaked on 5 July 1989 on account of Reliance and Tisco being in a healthier state then. As far as the rest of the market is concerned, it continued to improve with the National Index, lending a greater credibility to the 100-share index. The recent comeback by the Sensex can be credited to Century and Hindustan Lever attaining new highs, with Telco on the verge of doing so. For a valid Dow bear market signal, the National would have to fail to better the 10 January mark of 425.91, after which a decline below the 8 February low of 369.95 would be required.

The volume figures in the initial part of this rally have been lower than those accompanying the 29 November-10 January rise. Also, barring a few

INVESTMENT WORLD

The fortnight's trading saw both the National and Sensex indices jump to within sniffing distance of their all-time highs

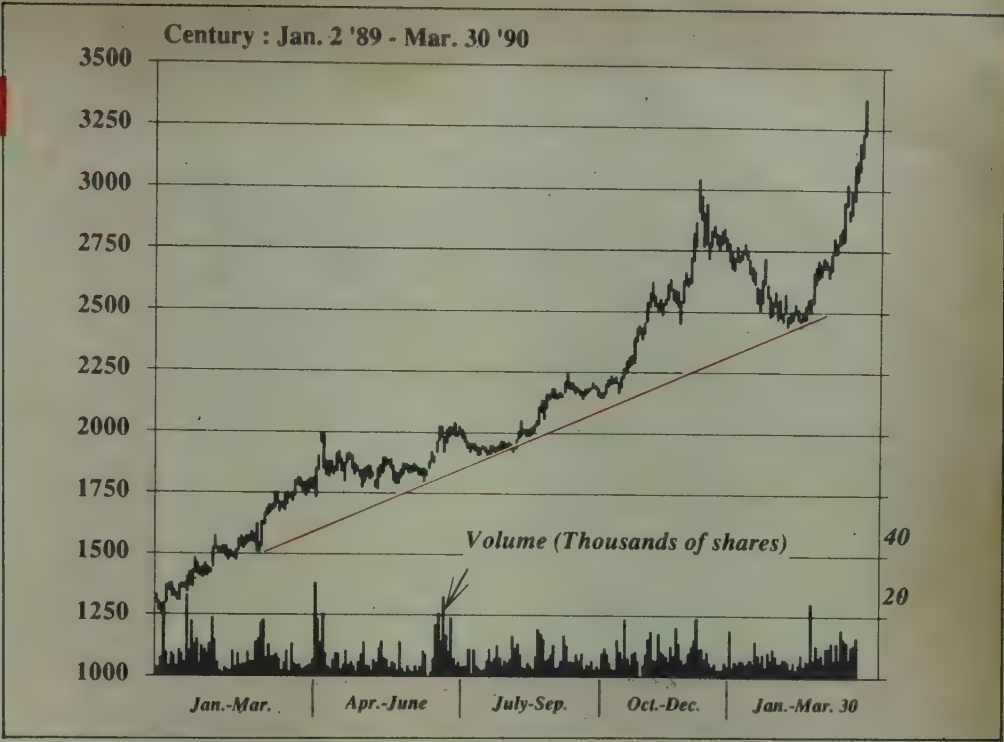
exceptions, most stocks had been showing a tendency to appreciate on reducing volumes. The highest volumes of this rally have been on 20, 21, 29 and 30 March. 20 March was the day after the budget and was presumably accompanied by massive shortcovering. 21 and 29 March actually saw decreases in the index, a sign of weakness. But this action was reversed on 30 March when 111.67 lakh "A" group shares were transacted. As the "B" group figures were not available at the time of writing, the chart shows volumes only upto 29 March. However, the chances are that there were record volumes on 30 March. As both indices jumped a fair bit on that day, it would appear that the rally may not be a writeoff on the basis of volume action, after all.

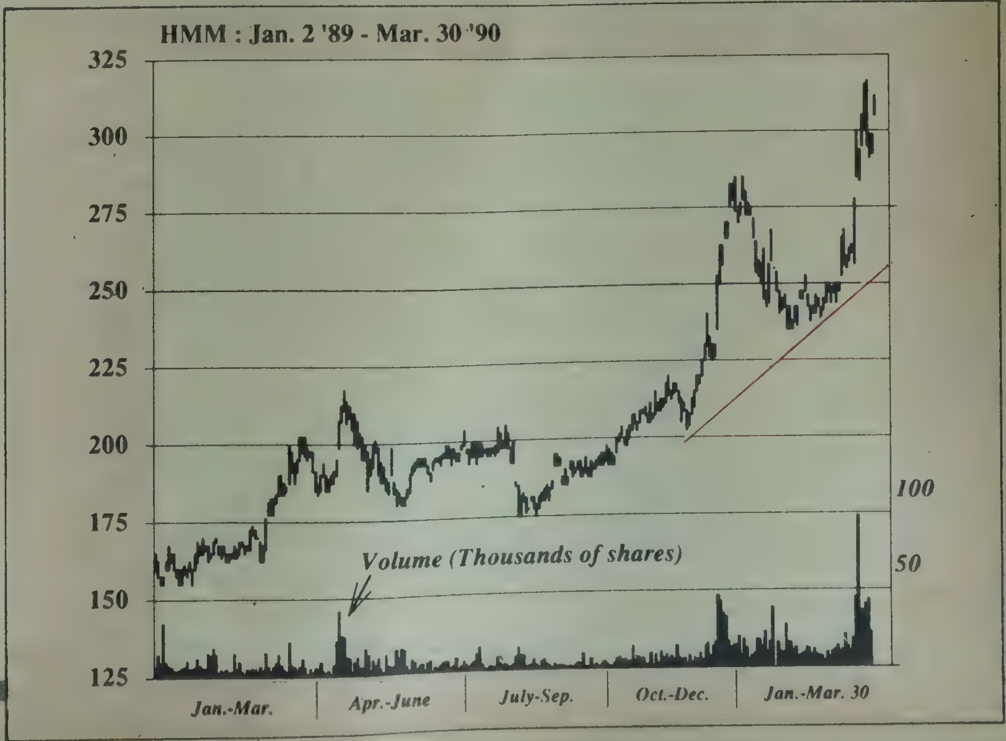
NO NEW HIGHS

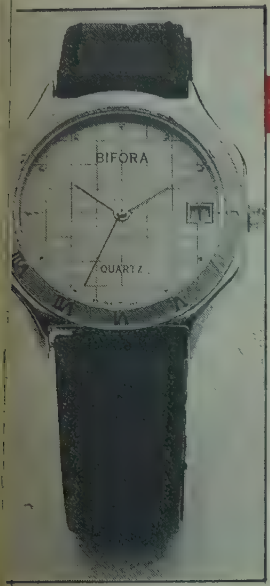
What has not been so rosy about the rise (so far) has been the failure of most stocks to make new highs. The few new highs have been Baroda Rayon, Century, Colgate, Hindustan Lever and HMM. Going by kerb rates, **Telco** was set to join the club. Most other stocks, though rising, had yet to catch up with their previous highs. It's only when the rally ends that we can evaluate its success and the likely future of the bull market. The charts covered this time are of some of the new highs — **Century, Hindustan Lever, HMM** and **Telco**. These stocks may be worth acquiring after the next intermediate market decline.

■ *Deepak Mohoni*

The author is a director of Midas Vision which deals in software and computer graphics.







BIFORA'S SECOND TRY

Bifora. Does the name ring a bell? It should, if one has an elephant's memory. A Bangalore-based company, better known for its quartz clocks, Bifora is now helping jog old memories by advertising on the idiot box. The reason: it is bidding for a piece of the action in the watch industry, where a keen tussle is on between majors HMT, Allwyn and Titan.

Bifora is upping ad spending from a modest Rs 25 lakhs to Rs 1 crore in 1990-91, the bulk of it on TV. Its current 30-second TV spots — extolling "Quality that does you proud" — twice a week are the first steps in way of an image building exercise.

Bifora needs it all right. The brainchild of a Tokyo-based watch and electronic goods dealer H.R. Gajaria, its Rs 32-crore project faced rough weather from Day One. Not surprising, considering that the plant was shipped lock, stock and barrel from near Stuttgart, West Germany, and put together in Bommasandra, an industrial suburb on the Bangalore-Hosur road. Red tape and the inexperience — some say indifference — of the project's non-resident Indian (NRI) promoters slowed progress and delayed commercial production by over an year.

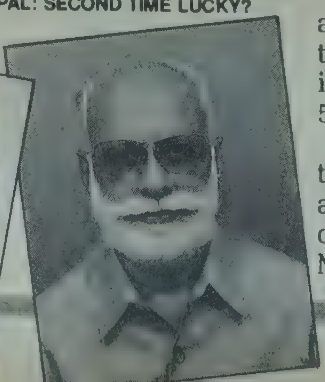
"We had several misconceptions about India," admits Ashok Bhatia, Gajaria's son-in-law and managing director of Bifora, West Germany, which is in the business of selling imported watches from Hongkong, Japan and Taiwan under the Bifora label. Bifora, Germany, is the Indian outfit's technical collaborator.

But what provoked the shifting of the plant to India in the first place? Answer: rising costs, a decline in the popularity of mechanical watches, and difficulties in exporting mechanical watches to India. However, the problems did not end with the transplantation of the plant, which was by no means new. Bifora was unable to; or did not bother to, recruit people of calibre to man the company and, worse, some supervisors trained in Germany at the company's cost, were wooed away by Titan, which entered the picture just a few months after Bifora.

In getting its act together, Bifora lost precious time and the project cost jumped up from Rs 24 crores, itself a revised estimate, to Rs 32 crores, necessitating a fresh infusion of funds by the promoters and the financial institutions, led by the Industrial Credit & Investment Corporation of India. At present, the promoters' contribution stands at Rs 8 crores and the institutions' at Rs 24 crores. Apart from making the mistake of producing everything in-house all at once, Bifora completely ignored marketing and sales promotion. This was in sharp contrast to Titan, which took care to tom-tom its presence well before the first watch was off the assembly line. Bifora thus had the looks of a non-starter and there were even rumours at one stage that it was up for sale.

"We have been through a lot of rough weather," admits Bhatia, "but now we are here to stay." In its second coming, Bifora's main focus will be on mechanical hand-wound watches (without day and date), in whose indigenisation it has laid great stress. The watches, in separate models for men and women, will incorporate the B91 movement that was already familiar to the Indian watch trade well before Bifora came on the scene in India. Priced in the Rs 200-250 range, making them slightly cheaper than Allwyn's and HMT's, Bifora's watches have now been moving swiftly in the marketplace, claims the company.

BHATIA (L) & MADANAGOPAL: SECOND TIME LUCKY?



Production has climbed to 25,000 a month from around 5,000 during the same period last year, but this is still well short of the capacity of 50,000 watches a month.

"Though our output is limited, the quality is on a par with HMT and Allwyn," says Bhatia. Adds chief executive (marketing) D.N. Madanagopal: "Mechanical watches will be our mainstay for the next four to five years and I believe there will always be buyers for them in this country." In quartz, quality and variety count a lot: an advantage that has given Titan an edge over traditional manufacturers such as HMT and Allwyn. Bifora currently offers over 40 quartz models but that's far from enough. Monthly output is limited to 8,000-8,500 numbers and the watches are all just being assembled from imported cases, movements (from Citizen) and dials. "In quartz, we are looking for a collaborator. We do not have any formal tieup with Citizen. We are talking to Swiss and Japanese manufacturers and a collaborator should be identified soon," says Bhatia.

Efforts are also on to introduce a super thin (3 mm) upmarket quartz watch (without day-date functions and priced over Rs 1,000) in six months' time.

Bifora had offered a limited number of its slimline watches a couple of years back and the response had been good. The plans are to produce and sell 50,000 of these watches in 1990-91. Efforts are also on to improve capabilities in case manufacture; Bifora is equipped to produce 1 million watch cases — a strength for any watch manufacturer — but has not been able to utilise capacity fully.

With prospects somewhat improved, Bifora is targeting a turnover of Rs 22 crores in 1990-91 as against estimated sales of Rs 4.5 crores in 1989-90. A full-time president is to be appointed shortly and marketing operations are being beefed up in terms of people. Still, the company faces a daunting task, what with competition perking up. However, with the gap between demand and supply of watches currently reckoned at 6 million, there is a margin of comfort for local manufacturers. Bifora, says Madanagopal, would like to reduce this gap to the extent it can by offering good-quality watches in a fair range and at reasonable prices.

"It's an uphill task. We should first wash out (sic) our negative image," supplements Bhatia. That's what the TV spots, produced by MAA Communications, are trying to do.

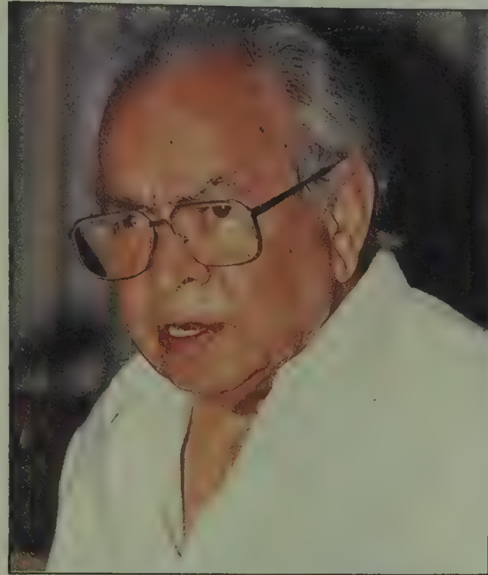
■ *N. Raghavan*

TATA TEA'S HEADY BREW

The crown jewels in Darbari Seth's durbar. That's Tata Tea, the world's largest tea company and now the most promising thoroughbred in the Tata stable. Two recent events focussed the arclights on the company: last year's takeover of Consolidated Coffee via a unique open offer approach and this January's surprise coup in bagging the prestigious Rs 3,000 crore Haldia Petrochem project in West Bengal. Both moves were quiet and unpublicised — till Seth chose to let the world know.

But that's perhaps typical of Seth, chairman of Tata Tea and Tata Chemicals, who was recently described by patriarch J.R.D. Tata as "the best entrepreneur in the Tata group." The more recent capers apart, Seth, a sprightly 70, has been instrumental in helping the Tatas make a determined bid to reassert the Tata control in ACC (in 1988) and by orchestrating a smooth merger of Tata Chemicals and Tata Fertilisers at a time when escalating costs in the latter's gas-based fertiliser project made such a merger eminently sensible. And then, of course, there is Haldia.

While the media has been going gaga about Haldia and how Seth bagged it, what's been missing notice is how he's converted the company into a powerful engine of growth for the group. In just seven years since 1983, when the Tatas took full control from the overseas Finlay group, Tata Tea has emerged as one of the leading lights of the group, mentionable in the same breath as Telco, Tata Steel, Tata Chemicals and Indian Hotels.



SETH: ENTREPRENEUR PAR EXCELLENCE

Stellar role. The confirmation of Tata Tea's stellar role comes from the stockmarkets. In 1989, the company's scrip had become one of the most traded shares on the Bombay stock exchange, in the elite company of blue chips like Tisco, Telco, Reliance, ACC and Hindustan Aluminium (annual turnover: Rs 747 crores, see table p.93). And this despite the fact that Tata Tea's share capital, at a mere Rs 17 crores, is much lower than that of the traditional market leaders.

This success was not a flash in the pan, caused by an upswing in the prices of tea, though there was that too. Informed observers are convinced that unlike almost all other plantation companies, Tata Tea is firmly on the road to sustained performance irrespective of how tea auction prices behave:

- The double boom in tea (in 1984 and 1989) helped, but the company has used profits to excellent effect, making huge investments in productive assets as well as labour welfare. In the years from 1984 to 1987, and in the 15-month period to March 1989, the company earned aggregate post-tax profits of Rs 65.42 crores. In the same time span, the company's additions to fixed assets (leaving aside very significant amounts charged straight to expenditure and not capitalised) was Rs 54.98 crores.
- The company's consistent strategy of going in for value addition, i.e. packaging of tea and the triumph of its polypacks, has led to a situation where it confronts more demand than it can satisfy. So even if auction prices turn adverse, Tata Tea's margins would not be affected.
- The takeover of Consolidated Coffee, India's largest coffee producer, has been a stroke of genius. Tata Tea is already the largest single tea plantation company in the world with 50 million kg of annual produce (B.M. Khaitan's Macneill & Magor-McLeod Russell combine is, however, larger as a group with 60 million kg). The addition of ConsCoffee's 7 million kg of coffee output thus holds tremendous

TATA TEA PLANTATIONS

TATA TEA	
Key financial data as on 31 March 1989	
	(Rs crores)
Share capital	17.08
Reserves	78.79
Loan funds	69.43
Direct investments*	53.36
Investment via subsidiaries**	26.72
Projections for 1989-90+	
Expected PAT	35.00
Expected EPS (Rs)	20
Likely P/E ratio	9

*including Rs 49.5 crores in units and public sector bonds.
**including Rs 13.91 crores in Tata Chemicals
+*BW* estimates.

CORPORATE ENTERPRISE IN THE 1990s

RESEARCH AND DEVELOPMENT. LOOKING OUTWARDS.NOT INWARDS.

In the 1990s, research and development will constitute the difference between survival and supremacy, for the corporation.

The successful corporate enterprise will be marked by its overarching vision. A vision in which improvement of existing products will be seen as only a part of the larger research thrust. A bold vision that will constantly inspire the corporation to review the customer's needs and ask itself the question : what next?

'What next' — the spur to excellence Suppose there was a better way ? Suppose we forgot about conventional wisdom and created a new solution altogether? What next...for the corporation this question embodies the difficult, ever-changing face of perfection.

Today, the corporation will live or die by its adherence to this exacting ideal.

What this means in real terms is a profound commitment to research. A commitment that will be manifested both in the corporation's philosophy and in its actions. A willingness to move with the signs of change. Above all, a readiness to listen to the people and act on their needs and requirements.

Escorts in the 1990s From its inception, Escorts has acknowledged the importance of research and development. And today, we are fully prepared to meet the challenges of the 1990s.

Our R&D endeavour has been in tandem with some of the finest engineering think-tanks of the world: among others, AVL of Austria and Ricardo of the UK. And we have made extensive investments in R&D, the most visible manifestation of which is the multi-crore Escorts Research Centre.

Beyond manufacture, we have forged a closely-knit relationship with our dealers and customers—a relationship that is admired and emulated. And through our village adoption and afforestation programmes and the Escorts Medical Centre and the Escorts Heart Institute & Research Centre, we have sought to improve the way of life around us.

Today, with 22,000 employees, 16 modern manufacturing plants and a turnover of nearly Rs. 800 crores, Escorts is among India's top ten engineering corporations.

On the threshold of the 1990s, we reaffirm our commitment to the principles and the people who have brought us here.

ESCORTS LIMITED

ENGINEERING CHANGE

The Escorts Group of Companies • Escorts Limited • Goetze (India) Limited • Escorts JCB Limited • Escorts Tractors Limited • Escorts Herion Limited

promise of profits through value-addition.

While Tata Tea's cornucopia of riches continues (the company expects Rs 35 crores of post-tax profits for 1989-90), what is of greater interest is the company's efforts to safeguard its bottomline. In this strategy, financial shenanigans like investing in other Tata companies (to strengthen the group structure), or promoting the Haldia project are distinctly secondary. Of primary importance is Tata Tea's approach to its mainline business — applying the best agricultural practices in growing its plantation produce, and then marketing it so that the company's interests are best safeguarded. And, according to this gameplan, it is the ConsCoffee takeover, and not Haldia Petrochemicals, that becomes a very important gambit.

Clear strategy. Tata Tea's strategy has been clear ever since the Tatas took over the erstwhile Tata Finlay from the overseas group. The company's plantations had been neglected for some time before that, with the Finlay management growing less and less interested in its Indian plantations. Under Darbari Seth, a comprehensive seven-point renewal programme was undertaken. The company decided to root out obsolescence. The 1984 boom certainly helped by bringing in money, but the company kept up its capital investment programme even in less prosperous years.

Apart from capital investment, the company also focussed attention on labour welfare. Plus a thrust in R&D. Says managing director R.N. Deogun:

DEOGUN: CONSTANT PLOUGHBACK HAS BEEN THE KEY

"We have set up the largest laboratory in Assam, apart from the Tocklai Research Centre which is run by the industry as a whole. We are spending over Rs 5 crores this year on R&D, and we are confident that long-term benefits will accrue."

Some of these benefits may already be at hand. Last year, the company's annual crop was 52 million kg, against around 40 million in 1983. The 25% increase achieved in seven years certainly beats the industry average, which is about 16%, and the company is clear about aiming for higher yields.

Polypack revolution. The other aspect of the Seth strategy in Tata Tea has been the company's marketing effort. Tata Tea's packet tea division at Bangalore, which the Finlays started in 1963, never made a profit till lately. Similarly, instant tea languished as a losing proposition till aggressive marketing in the US paid dividends. The company now earns about Rs 7.50 crores on a tonnage of 1 million kg (around Rs 75 per kg), a very respectable price compared to the average of Rs 40 obtained in the auctions. Tata Tea has also established a 100% subsidiary in the USA, Tata Tea Inc., as part of its efforts to increase exports to that country.

Back home, the polypack revolution in packaged tea has been the greatest triumph for the company, with traditional packet tea players like Brooke Bond and Lipton being shown a trick or two. Today, Tata Tea's entire Dooars produce (3 million kg) is being sold in polypacks; and in south India, the company has set up a very large packaging unit which takes care of a dominant part of all the Kerala gardens. The geography helps. In Kerala, all the 24 Tata Tea estates, producing about 22 million kg of tea, are adjacent to each other and form a continuous whole.

Currently, Tata Tea sells about 20 million kg, 40% of its annual produce, in polypacks. While this is still a far cry from Brooke Bond's 85 million kg, for a primary producer it is a revolu-

TATA TEA'S CROP

(Million kg)

Year	1985	1986	1987	1988-89 (15 months)	1989-90 (estimated)
	44.60	43.42	48.90	57.92	52.00*
Average price realisation per kg	Rs 24.44	Rs 22.79	Rs 27.20	Rs 27.63	Rs 45*

*estimates

CONSOLIDATED COFFEE LTD. AND COFFEE LANDS LTD.

Production figures

	Coffee (million kg)	Tea (million kg)	Pepper (lakh kg)	Cardamom (lakh kg)
ConsCoffee*	5.56	0.03	3.19	0.14
Coffee Lands**	0.66	0.16	–	–
Average price realisation (per kg)	Rs 15.71	Rs 23.15	Rs 33.88	Rs 100

*9 months to 31 March 1989
**12 months to 30 June 1988

tionary change. In fact, the company is confident of expanding the market at will. Being a very large primary producer, the company has advantages which Brooke Bond or Lipton do not have. On the other hand, Tata Tea would have to invest in marketing infrastructure. Nevertheless, the Rs 10 per kg pre-tax margin, which the current high auction prices allow the plantation companies, need not be whittled down too much for Tata Tea even if there is a downturn.

But if Tata Tea's inherent strengths and its finely-honed strategy make it a winner, the takeover of ConsCoffee adds another dimension. With Seth having bagged 52% of ConsCoffee's equity, the deal now awaits the government's nod. And while the company's sustained profitability made good sense for it to have featured in Seth's takeover list, there's a surprise bonanza for him as well. And that came in the latest Union budget: a modification of the Income Tax Act's s.80M will now enable Tata Tea to enjoy tax-free dividends from ConsCoffee holdings, provided the dividends paid out to Tata Tea shareholders are less than ConsCoffee's dividends.

TOP 10 SCRIPS BY TURNOVER IN 1989

	No. of shares (Rs lakhs)	Value (Rs crores)
1. Tisco	3,827.14	4,764.88
2. Reliance	1,962.28	2,294.38
3. ACC	727.90	2,216.88
4. Telco	210.95	2,027.73
5. Hindalco	357.63	918.47
6. Tata Tea	434.79	747.21
7. Bajaj Auto	196.10	719.26
8. Century	31.72	623.94
9. Grasim	541.92	618.90
10. Bombay Dyeing	412.10	617.53

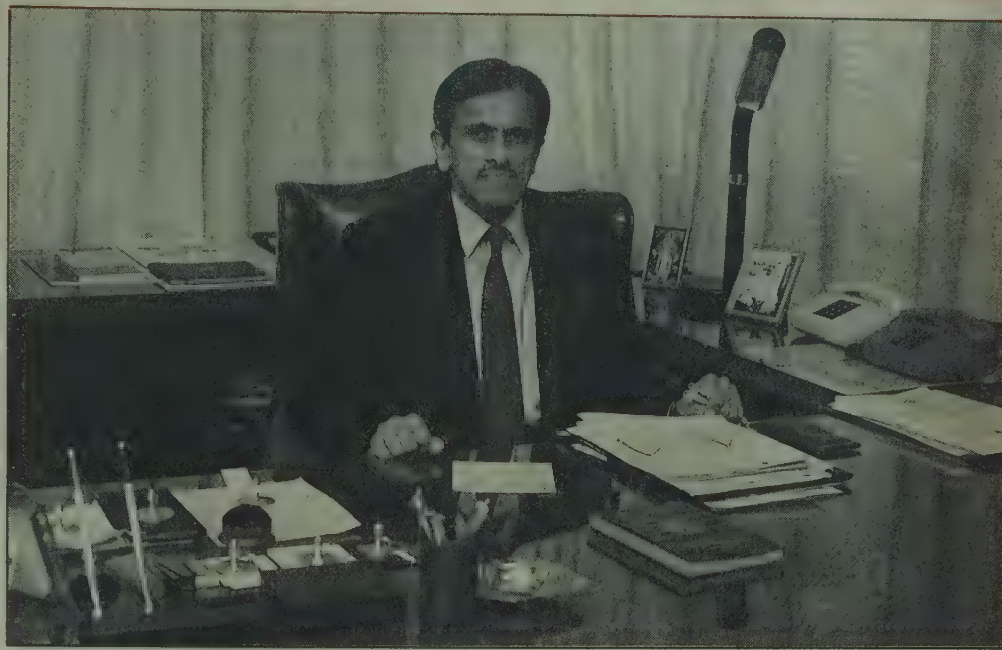
Source: Bombay stock exchange.

CONSOLIDATED COFFEE

Key financial data as on 31 March 1989

	(Rs crores)
Share Capital	7.51
Reserves & surplus	10.25
Loan funds	3.17
Investments*	4.30
Sales income**	15.94
PAT	2.94
EPS (annualised)	52%

*Consolidated Coffee owns (directly, and through a wholly-owned subsidiary investment company). 2,48,059 equity shares of Coffee Lands Ltd., which amounts to 34% of the latter's equity capital. The average cost of this investment works out to Rs 14.50 per share, while the market price is Rs 64.
**9 months to 31 March 1989



KRISHNA KUMAR: UNPARALLELED R&D FACILITIES

Bonanzas apart, the ConsCoffee grab makes commercial sense too. Though the 6 million kg coffee producer currently enjoys a smallish post-tax profit margin of Rs 3-4 per kg, that's because under the law coffee producers have to sell all their output to the Coffee Board and cannot package or add further value. But with players in the packaged coffee market reaping whopping profits (Brooke Bond, for example, raked in Rs 12-15 per kg in 1988), the industry's lobbying for a change in the laws. If that comes through, and the Coffee Board's intervention translates into just a support price function, the future for ConsCoffee could be promising. Clearly Seth has his eyes set on such a scenario.

Other synergies. There are other synergies which make sense for Seth. ConsCoffee's also into spices. In 1988-89, the company produced about 14 tonnes of cardamom and 319 tonnes of pepper, worth Rs 1.2 crores. With Tata Tea readying for a thrust into spice exports, the synergies are obvious. In fact, the company set up a spices centre for state-of-the-art processing and control at Cochin this year.

More than just the greenfield Haldia project, it is the ConsCoffee takeover which will add strength to Tata Tea's operations in the immediate future. But since the company has large amounts of surplus cash — it held some Rs 49 crores in UTI units and public sector bonds — some "extraneous" investments also make sense. Thus, Haldia Petrochem, or even the aborted Rs 150 crore offer for the DCM Kota chemicals complex, are part of Seth's entrepreneurial moves to further the Tatas' overall business interests.

A very profitable company can act as an engine for growth, but for the tea and jute industries, the pattern, both pre- and post-1947, has been that owners have siphoned off money rather than invested in existing operations. The All Assam Students Union (AASU), in fact, has made such an allegation about Tata Tea's proposed Haldia Petrochem venture. But this does not really hold water. Objections could be raised only if existing operations were starved of investment. On that count Tata Tea has done enough to silence critics. It has actually ploughed back large resources unstintingly in its Assam estates.

What the company chooses to do with its excess resources should be judged in the light of whether both its commercial interests as well as national interests are subserved. If these are the criteria, both the ConsCoffee takeover as well as Haldia make very good sense. For Seth, his current brew of tea, coffee, chemicals, petrochemicals and fertilisers adds up to a heady cocktail.

■ *Subrata Roy*

MADE IN INDIA, BY LOHIA

Uni — what? Ajay Prakash Lohia, head of the non-resident Indian (NRI)-promoted Uniworth group (sales: $16 million, or Rs 272 crores), predicts that in a couple of years nobody will ask him this ignominious question. Lohia recently set foot on Indian soil having blazed a certain trail in Nepal, Thailand and Indonesia. As manufacturer, rather than trader, Uniworth wants to cash in on its overseas credentials by investing Rs 100 crores — all NRI finance — in projects ranging from silk yarn and woollen fabrics to bulk drugs meant wholly for the export market.

But first, a brief outline of the group's overseas setup. Originally, the family was based in Burma and was engaged in trading. When Burma nationalised foreigners' business in the early sixties, the Lohias had perforce to pack up and move out. Their next stop happened to be Nepal. As things turned out, it was for the better: "Luckily, from here everything went well and we did not have to look back. We gave up trading and ventured into manufacturing."

Manufacturing venture. The group's first manufacturing venture, Ashok Textile Industries Pvt. Ltd., was set up in Nepal about 25 years ago and is still the largest single manufacturer of synthetic textiles in the mountain kingdom. With an installed capacity of 6 million metres of cloth per annum, this unit sports an annual sales turnover of $10 million, impressive by Nepalese standards.

Expansion and diversification came in the seventies in the form of a venture in Indonesia. The Lohias took a significant equity stake in the yarn manufacturing firm — P.T. Indo Rama Synthetics — a company which happens to be one of the largest manufacturers and exporters of synthetic yarns in Indonesia today. Starting with 25,000 spindles and an equity base of $2 million in 1974, Indo Rama's equity now is $13 million and the turnover achieved in 1989-90 was $50 million.

The other venture in Indonesia in which the Lohias have a 50% stake is P.T. Ispat Indo, where they have partnered the now well-known Mittals of Calcutta (the latter are actually Ajay's in-laws). In fact, a good $100 million of the group's (i.e. the Lohias') turnover is accounted for by this company.

Lohia explains that carefully conceived backward and forward integration exercises are being given concrete shape in Indonesia currently. Uniworth is getting into the manufacture of polyester staple fibre, partially-oriented yarn (POY) and polyester chips in Indonesia. The new product lines are expected to start commercial production by June 1991.

LOHIA MEANS BUSINESS

Lohia points out tongue-in-cheek that the cost of this project is the same as that of the Ambanis in India, but whereas the latter will manufacture 15,000 tonnes per annum (tpa) their Indonesian outfit will manufacture 75,000 tpa — the differential reflecting the high-cost disadvantages inherent in the Indian economy.

In Thailand, the group has taken up a project in agrochemicals which is about to go on stream in another two months' time. Indo Rama Chemicals (TH), as Uniworth's Thai company is known, will manufacture annually 6,000 litres of furfural, furfural alcohol and acetic acid. Its collaborator: Deutsche Babcock Group of West Germany. The entire output will be exported to Japan.

The Lohias present "homecoming" is thus via Nepal, Indonesia and Thailand. "We have come back to prove to the world that Indian products are certainly not inferior in quality and do not have to be sold at discounts," says Lohia, who has set up headquarters in Calcutta. He is confident that Uniworth's soon-to-be-manufactured made-in-India products will win the confidence of European buyers.

First target. To start with, the Lohias are sticking to the knitting. Their first target is to set up a 100% export-oriented unit to manufacture long-staple worsted spun yarn and blended yarns. The futuristic, fully air-conditioned plant located in Raipur (Madhya Pradesh) "marks a technological milestone in the industry," claims Lohia.

The plant will have an initial installed capacity of 5,600 spindles with an average production of approximately 2.5 tonnes per day. Once the overseas buyers approve the samples, Lohia hopes to increase the spindleage to 16,800 and up production to 7.5 tonnes per day. Expected to be commissioned in June next, the plant will yield a turnover of Rs 25 crores in the first phase. The initial investment here is around Rs 25 crores. Incidentally, Uniworth's maiden venture on home turf has been named Woolworth (India) Ltd.

A second, smaller venture, involving a capital investment of around Rs 4 crores, is being planned in Malda (West Bengal) where local silk yarn will be blended with Karnataka silk to make a hybrid fabric. Yet another greenfield unit on the anvil is a plant to manufacture bulk drugs in Maharashtra. An important aspect of their investment plans is that the Lohias are not going in for any public issues at present. "Neither are we seeking any kind of subsidy from the government. All we ask is that communication and infrastructure facilities be improved," pleads Lohia.

He foresees the Uniworth group growing rapidly in the nineties: "Our decision to invest in India is irrevocable and now that we are here we have no alternative but to grow. We mean business."

■ *Ashoke Laha*

AWARDED

■ The Gujarat Narmada Valley Fertilizers Co Ltd. **(GNFC),** Bharuch, has bagged the industrial relations award from the All India Organisation of Employees (AIOE) — a sister organisation of the Federation of Indian Chambers of Commerce and Industry.

■ **Kirloskar Electric Co** of Bangalore has bagged an export order for 1,000 motors from the Bangladesh Agricultural Development Corporation. It is valued at Rs 70 lakhs.

■ **S.L. Khosla**, chairman, Indian Oil Corp. Ltd. (IOC) has won the IBC

S. L. KHOSLA

"Outstanding Technocrat in the post-independence era" award for 1989 from the International Business Court (IBC).

EVENTS

■ Narsee Monjee Institute of Management Studies **(NMIMS)** has organised a three day workshop on 'Fighting competition — a search for innovative marketing strategies' from 16-18 April 1990.

For further details contact: Programme officer, Management Development Division, Narsee Monjee Institute of Management Studies, JVPP Scheme, Vile Parle (W), Bombay 400 056.

SERVICE

■ The consumer affairs sub-committee of the Bombay Chamber of Commerce & Industry has reprinted its booklet: *Guidelines to Consumers' Rights & Responsibilities* which contains useful information for the consumer.

Copies can be obtained by sending a Rs 5 money order by ordinary post to: Bombay Chamber of Commerce & Industry, Mackinnon Mackenzie Bldg., Ballard Estate, Bombay 400038.

NEWS BRIEFS

■ Even though investment allowance has been withdrawn, **Nocil** (National Organic Chemical Industries Ltd.) will go ahead with its plan to set up a naphtha cracker at an estimated project cost of Rs 1,800 crores.

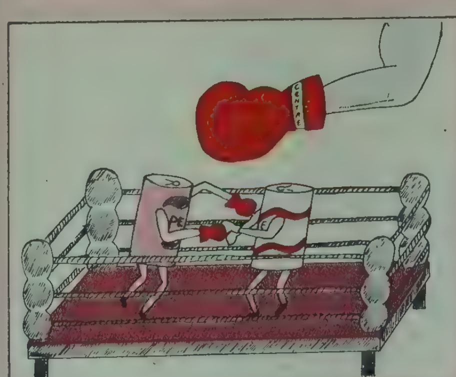
■ **Hindustan Lever** has tied up with the Marine Products Export Development Authority **(MPEDA)** for shrimp farming. Levers will import technology to MPEDA free of charge.

■ The **Dalmia** group was raided by the directorate of investigation and enforcement (foreign exchange) for large-scale laundering of unaccounted money and possible Fera violations.

■ **Varinder Agrochemicals** proposes to diversify into the manufacture of caustic soda in collaboration with the UP State Industrial Development Corp. **(UPSIDC).**

■ Indian Petrochemicals Corp. Ltd. **(IPCL)** has tied up with **AEI Cables** of UK to market the latter's cross-linked polymer compounds in India.

■ The proposals of **PepsiCo** and **Coca-Cola** to set up 100% export oriented soft-drink concentrate projects in the country have been rejected by the Centre.



■ **India International Airways** has launched the first air taxi operation in India with its RS-125 aircraft flying World Bank president Barber Conable from Dhaka to New Delhi. The rental charge for one hour is Rs 35,000.

■ The **UB** group is promoting a bulk drug plant at Tumkur in Karnataka. It will produce ranitidine and ibuprofen. The project cost is Rs 7 crores.

■ **Titan Watches** has implemented a Rs 22 crore watch case manufacturing project at Hosur, Tamil Nadu. Inaugurated by J.R.D. Tata, the plant has a technological tieup with **Citizen Watch Co.**, Japan.

■ The **Taj** group of hotels will invest Rs 80-100 crores in two years in Karnataka. The group will set up 10 hotels in the rural areas.

■ The National Thermal Power Corporation **(NTPC)** will set up a Rs 1,200 crore 900 Mw tidal power project in Kutch.

■ The India Tourism Development Corp. **(ITDC)** is examining the possibility of setting up two major beach resorts in Karnataka and Gujarat.

■ In the arena to takeover **Coromandel Fertilisers** are four companies: **L&T, Gujarat Ambuja Cements, Mysore Cements** and **India Cements**. The winner is expected to be announced by June.

■ **Fact's** (Fertilisers & Chemicals, Travancore) Rs 374 crore caprolactum project at Udyogamandal near Cochin is expected to be commissioned by July this year.

■ The **ONGC** (Oil & Natural Gas Commission) has chartered two oil rigs from the **Chowgules**. They will be used to drill two deep wells in Rajasthan.

■ **India Cements** is planning to enter real estate on a large scale. It has applied for governmental permission to set up a division to carry on the business of building, contracting, engineering, etc.

■ **Nihon-Nirman Ltd.** has tied up with **ACC Ltd.** to develop and market white cement in some major Indian states.

COMMUNICATING EFFECTIVELY

Most people talk about the art of handling people. But actually very few of us are adept at it. The skill is called upon everywhere: when dealing with the family, the neighbourhood and personnel in a corporation. Good human relations depend on two important requirements — the ability to use empathy and the ability to communicate.

Most of us find it easy to be apathetic to people around us. It is also convenient to say — "I don't care," "What does it matter to me?" "How am I concerned?" "It's better not to get involved."

Some of us, however, may be able to squeeze out some "sympathy." And even gush over with great sorrow, perhaps even shed a few tears. But it is not easy to strike the balance in between — of being empathetic.

Empathy is the ability to put yourself in the other person's shoes and see the problem from his perspective. It is also good, and sometimes necessary, to get the other person to see your point of view. The Old Red Indian prayer encapsulated the essence of this quality so beautifully in a few lines:

"Great Spirit, grant that I may not criticise my neighbour, Until I have walked a mile in his mocassins."

The ability to communicate is also crucial to ensuring good human relations. We have made considerable progress in communications technology, starting with the printing press, going to the telegraph and telephone, radio and television, facsimile and now to satellites. But it would seem that we have made very little progress in the essence of communication.

The increasing number of divorces, the greater distancing of parents from children, the never-ending quarrels between nations and between religions within the same nation and sects within the same religion are all indicators of reduced communication, improper communication or a total breakdown of communication. And it is the same within corporations. Breakdown ... chaos. And the solution: improved human relations.

Human relations between colleagues or between bosses and subordinates can be considerably improved with the use of empathy and better communication. Communication must result in "communis," i.e. a sharing of meaning. If meaning is shared, there is no misunderstanding, lesser grouses, assumptions, and preconceived ideas or coloured minds.

Many of us are good talkers, but bad at communication

A person who had mastered the art of good human relations was the late Ted Richardson, who was the personnel director of Esso (as it was then known) and who opted to stay on in India after retirement. There were very few who knew him (and thousands of people did) who did not come under his spell and take a great liking to him.

Ted was *sincere* and genuine. There was no guile about him. His blue eyes looked straight into yours. He said what he wanted to, pleasantly, and yet without mincing words. A warm, genuine smile generally played at the corner of his lips. His subordinates and colleagues knew that Ted always played "cricket" at which, literally, he was also very good.

Ted was *empathetic*. And his empathy generated a level of consideration. He was so considerate, that when he used a pen and paper to explain a point, he would push it closest to the listener and stretch out his left hand and write at inconvenience to himself.

Ted was an unusual *listener*. He spoke slowly and with a slight drawl — a strange hybrid of an Englishman settled in the US. He listened twice as much as he spoke, literally adopting the lesson from the old saying, "The good lord gave us two ears and only one tongue with a purpose." And he was an active listener, with a twinkle in his eye, interest written all over his face. It was a contrast to most of us who were passive listeners, just waiting in the wings for the speaker to take a breath and stop — so that we could take over.

Ted *spoke no ill of anyone*. He bore no grouses. Even his criticism of any person was an objective and fair assessment framed in inoffensive language and without any hint of either envy or rancour. He could always be quoted back to the person talked about, without being accused of carrying tales — or of being a sweet-talker or a back-biter.

And Ted had an excellent *sense of humour* — a humour shorn of all sarcasm. It was a humour where he laughed with people not at people. Humour enveloped his whole being. It was not put on — not artificial. It "became him." And all his friends and associates liked to bask in his "sunshine."

If more of us were like Ted, there would be better human relations in our corporate world with less problems, real or imaginary, between colleagues or between superiors and subordinates.

■ *Walter E. Vieira*

The author is a Bombay-based management consultant.

PICK OF THE JOBS

"The growth of the services sector — i.e. banking and financial services, the hospitality trade, the tourism and transport industry — has spurred demand for people at all levels who , besides being technically competent in their chosen fields, display a flair for marketing, have high social and interactive skills and are above average communicators," says Clarence Lobo, director of the recruitment agency Personnel Search Services.

GENERAL MANAGER — MARKETING

A large multi-product company in the hire-purchase business has retained Personnel Search Services to locate a general manager, marketing.

Marketing professionals with good academic qualifications, around 40 years of age, and with extensive experience in product launches, would fit the bill. The appointee, to be based in Delhi, will have to report to the president of the company.

The compensation is attractive.

Enquiries to Personnel Search Services, 3rd Floor, Sambava Chambers, Sir P.M. Road, Bombay 400 001. Tel: 2862660, 2860755, 295963.

VICE-PRESIDENT — FINANCE

Personnel Search Services is looking for a vice-president (finance) to head an international bank in Bombay. He will be responsible for financial accounting, budgetary control and MIS functions, among others.

The right candidate would be a CA or an MBA, in the mid or late thirties, with exposure to all finance functions, preferably in a large multinational organisation. He should be computer-literate, functioning at a very senior level.

The compensation is the best offered in the banking industry.

ASSISTANT GENERAL MANAGER

A multinational bank with a branch in Bombay has retained Personnel Search Services to find an assistant general manager to head the bank's credit and export-import operations.

Aspirants should be experienced bankers in their mid-forties with experience in credit and international banking. The appointee will be expected to contribute to policy-making and the running of the Bombay branch.

The compensation package is attractive, but no housing will be provided.

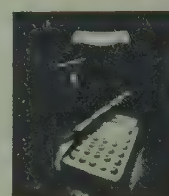
QUALITY ASSURANCE MANAGER

Personnel Search Services is looking for a competent engineer with a background in quality control to assume charge as a quality assurance manager at the Bombay-based works of a multinational precision engineering company.

Aspirants should be mechanical engineers from a reputed institute, around 40 years of age, with experience in precision engineering firms and familiar with modern quality control equipment and techniques. The appointee will report to the general manager, works.

The compensation package will be attractive.

GENERAL MANAGER — EXPORTS



Personnel Search Services is looking for a dynamic general manager (exports) for a large and diversified group of companies.

Aspirants should be marketing professionals with good academic qualifications, around 40 years of age and with an extensive experience of the export market. They will have to set up an export division independently.

The position is Delhi-based and the appointee will report to the president. The compensation package is negotiable.

MANAGER — PLANT ENGG. & MAINTENANCE

A public limited packaging company in Bombay, with the latest in computerised equipment, machinery and technology, has retained Personnel Search Services to find a manager — plant engineering and maintenance.

Aspirants should be engineering professionals, around 35 years of age, preferably with a knowledge of industrial electronics and a minimum seven years' related experience in a medium-sized plant.

The appointee will be responsible for erecting and installing new state-of-the-art machinery and ensuring its smooth operation. He will also be responsible for overseeing civil constructions etc.

The salary will be negotiable and the perks will be lavish.

FINANCIAL CONTROLLER

Jonzehn Services is looking for a financial controller for a fast-growing pharmaceutical organisation at Baroda/Bombay.

Aspirants should be chartered accountants with a knowledge of pharmaceutical costing and company law. The appointee's responsibilities include finance, accounting, financial banking, computerisation and MIS, taxation and company law. He will report to the managing director.

The remuneration package is around Rs 1.5 lakhs per annum.

Enquiries to Jonzehn Services, Flat No.2, 7-A, St. Anthony's Road, Bandra, Bombay 400 050. Tel: 6420387.

CORPORATE PERSONNEL MANAGER

For the same company, Jonzehn Services is looking for a corporate personnel manager.

Aspirants should be postgraduates in personnel management, preferably from XLRI, Jamshedpur, around 40 years of age, with about 10 to 15 years' experience in the personnel field. A strong base in HRD is vital, but applicants with less experience may be considered.

Compensation is around Rs 1.5 lakhs per annum.

GENERAL MANAGER — COMMUNICATIONS

The Concept is searching for a general manager (public relations, advertising and communications) for a leading multinational company in Bombay active in consumer durables and office automation.

The job entails, inter alia, total corporate advertising, public relations, internal and external communication, liaison work, arranging press releases, editing in-house journals, corporate advertising and image-building.

Emoluments are negotiable at Rs 2 lakhs plus and the perks include a chauffeur-driven car, company accommodation, club membership etc.

Enquiries to The Concept, 67 White Hall, 143 August Kranti Marg, Bombay 400 036. Tel: 8224422-23.

VICE-PRESIDENT — EXPORTS

A well-established Bombay-based multi-product Indian group, the largest manufacturer of PVC leather cloth and with annual sales of over Rs 50 crores, has enlisted The Concept to find a vice-president, exports.

Aspirants should be export professionals, between 35 and 40 years of age, preferably MBAs or with a degree/diploma in export management, and with a 10-15 year export experience of which the last few years should have been at a senior level. Knowledge of foreign languages will be an advantage.

The appointee will be responsible for developing the export market for leather cloth with a profit centre responsibility.

The compensation package will be Rs 2.5 lakhs a year with liberal perks, including accommodation if required.

GENERAL MANAGER — PERSONNEL & ADM.

The Concept is looking for a top-notch general manager (personnel and administration) for a Gujarat-based group.

Aspirants should be postgraduates in personnel management from a reputed institute, between 38 and 45 years of age. They should have had over 10 years' experience and should be currently working as chiefs of the personnel divisions of large and diversified companies. They should be capable of initiating new directions in industrial relations (IR) and HRD.

Salary is negotiable around Rs 2 lakhs per annum and perks will be liberal.

PRESIDENT

Career Placement & Marketing Services is looking for a president for a Madras-based manufacturer of electrical engineering products with an annual turnover of over Rs 50 crores.

Aspirants should be electrical engineers, between 40 and 50 years of age, preferably with postgraduate degrees in business administration and seven to 10 years' experience as general managers in a company manufacturing electrical engineering products. Candidates with strengths in manufacturing management will be preferred.

Emoluments will be over Rs 2 lakhs a year and perks include a house and chauffeur-driven car.

Enquiries to Career Placement & Marketing Services, P.B. No. 8105, Bombay 400 051.

EXECUTIVE VICE-PRESIDENT

A company in Pondicherry (annual sales: around Rs 120 crores), manufacturing consumer durables and with plans for diversification, has retained Career Placement & Marketing Services to find an executive vice-president.

Aspirants should be engineering graduates, between 40 and 50 years of age with seven to 10 years' experience as general manager in a large reputed company.

Compensation will be over Rs 2 lakhs a year and the perks include accommodation and chauffeur-driven car.

Enquiries to Personnel Search Services, 3rd Floor, Sambava Chambers, Sir P.M. Road, Bombay 400 001. Tel: 2862660, 2860755, 295963.

■ *Indra Gidwani*

APPOINTMENTS

MODI ENTERPRISES

MODI ENTERPRISES

Haryana Distillery, one of the companies in Modi Enterprises is prospecting for fresh talent to be inducted at various levels of management, to meet the whole new set of projections of the company. Poised for a new outlook and tremendous growth in the near future, Haryana Distillery is one of the most upward looking and progressive companies, spreading its wings into the corporate sector. Managed by a dynamic, young group of professionals, the company has well spread out production facilities in three states and is prospecting in newer areas. In a major national thrust, the company is reaching out with both hands to build a formidable team of marketing and technical professionals that could take the company where it should be. At the top.

The rewards, material or otherwise are simply beyond comprehension. The Challenge is total, and the careers can be charted up to the sky.

GENERAL MANAGER (Sales): **DELHI**
Around 40 years of age, with atleast 10 years in liquor trade and proven track record

GENERAL MANAGER (Technical): **YAMUNANAGAR**
Upto 35 years, with about 10 years in liquor manufacturing/Blending.

PROJECT MANAGER: YAMUNANAGAR
Around 35 years of age with Engineering background and experience of work in process industry, preferably a distillery

CHEMISTS: YAMUNANAGAR
Around 30 years of age. Essentially Alchohol Technologists, with about 7 years of relevant experience.

REGIONAL SALES MANAGERS: East-West-North-South
Around 30 years. With about 7 years experience in liquor trade sales.

SALES EXECUTIVES: 20 positions in A&B class towns
Around 28 years of age. About 5 years experience in liquor Trade Sales.

SALES REPRESENTATIVES: 30 positions in B & C class towns.
Around 25 years of age. About 3 years experience in the liquor trade sales.

Apply within 15 days to:

The Vice President
Commercial
Haryana Distillery

4 Community Centre,
New Friends Colony
New Delhi-65

MODI CEMENT MACL MODI MODI CHAMPION

NELCO

INDUSTRIAL SYSTEMS GROUP with a turnover of over 35 crores involved in Drive Systems & Automation, UPS and DAS systems are presently executing number of large prestigious projects in the metal industry involving state of the art Drives and Automation with active involvement of renowned multi-national companies.

DRIVE SYSTEMS & AUTOMATION DIVISION requires Managers & Systems Engineers (Automation) who would be responsible for understanding control requirements, working out system configuration, developing and testing software and commissioning of the systems at sites and located at **Bombay, Bangalore, Jamshedpur and Calcutta.**

MANAGERS – SYSTEM ENGINEERING

Candidates should possess 7 to 10 years of active experience in one or more of the following environments:

- VAX/VMS
- MULTIBUS SYSTEM
- IBM-PC
- PLCs/LADDER DIAGRAMS
- FORTRAN 77
- iRMX-PL/M.C.
- DOS, C-DOS, C

Responsibilities presently handled should be commensurate with qualifications and experience in Industrial Automation Projects particularly in Metal Industry or similar complex projects. The software development experience should preferably be in the area of real-time control, communication or Man-Machine interface applications.

SYSTEMS ENGINEERS

Candidates should be graduates/post-graduates in engineering with at least 2 years' of software and systems development experience in one or more of the above areas.

Many of the selected candidates are likely to be sent abroad for training and participation in software development and are also likely to be involved in other projects under execution at our foreign associates.

The Company offers an excellent remuneration package and provides challenging opportunities to work in the advanced/high technology area of automation.

Please apply to:

Sr. Manager – Human Resources
The National Radio & Electronics Co. Ltd.
Mahakali Caves Road, Chakala
Andheri (East), Bombay-400 093

Clamar

Shilputsi

SHILPUTSI CONSULTANTS have been retained to recruit:

HEAD OF PERSONNEL

DELHI

Our clients are a large professionally managed group dealing in high tech products with a turnover of more than Rs. 300 crores. They are also poised for a very major expansion.

The job: The Head of Personnel would be responsible for recommending and implementing personnel policies and practices suitable for a professionally managed company. He would provide overall guidance on IR matters at the various units and get directly involved in management recruitment, training, appraisal and compensation.

Qualifications: We are looking for a person with about 15 years' experience. He should have a strong base in HRD and must have first hand experience in management selection and development. He should also be familiar in developing compensation packages for management and non management employees. An exposure to industrial relations especially at policy level will be useful.

Age: 35-45 years.

Remuneration: The company offers an excellent remuneration package and this will not be a constraint for the right candidate.

Please write in strict confidence to:

Ms. Pratibha Sheth,
Executive Director,
SHILPUTSI CONSULTANTS,
P.O. Box No. 9386,
Bombay 400 026.

One of CMC's most rewarding insights has been to reduce the gap between the possible and

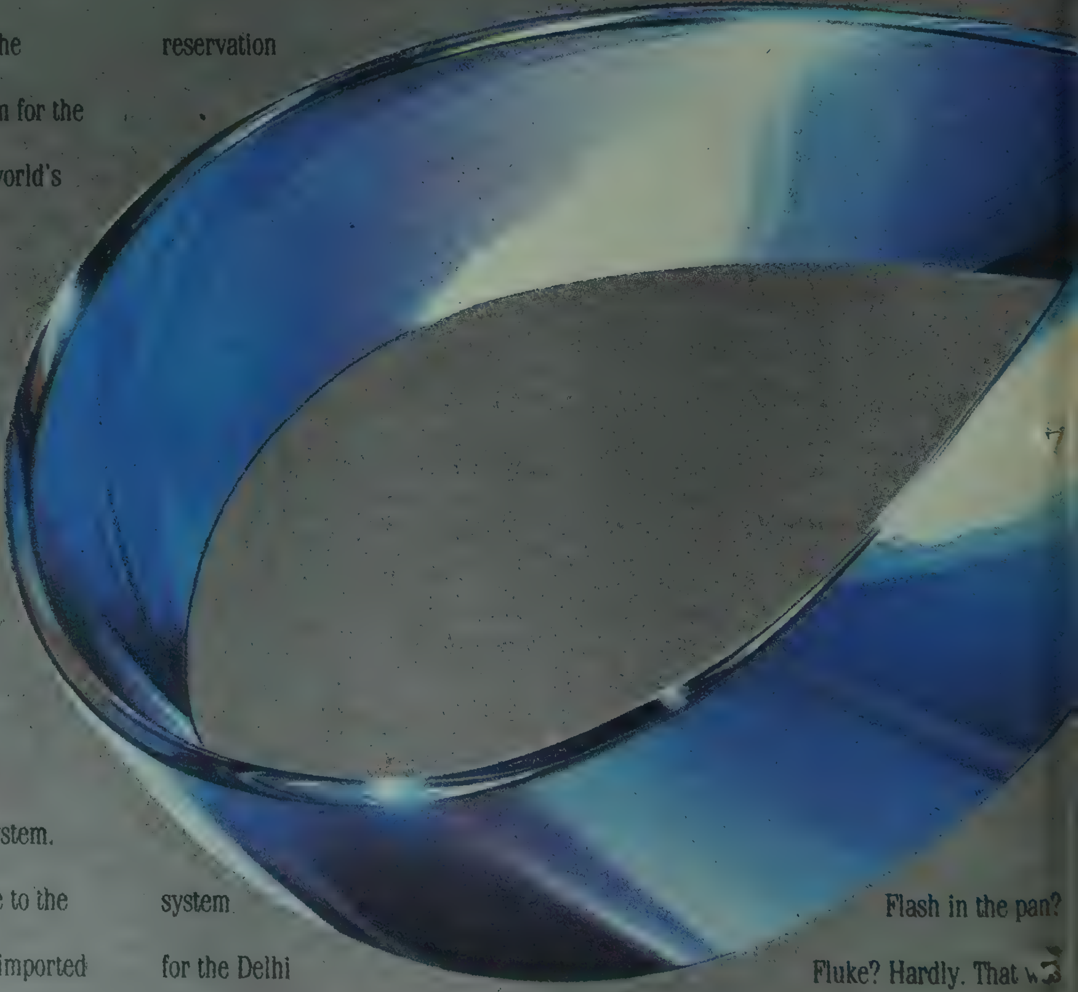
Can't be done. Forget it. You'll fall flat on your face. Get an experienced multinational technical associate. Good, sound, well-meaning advice. Given every time we start on another complex and challenging job. Where would we be if we had taken it.

Almost every major job we have done has been a trail-blazer, undertaken for the first time in India.

It started with IMPRESS, the Passenger Reservation System for the Indian Railways, one of the world's largest railways. Indian Airlines carry 10 million passengers a year. Indian Railways carry as many every day. Yes, every day. Indian Airlines got a foreign information technology giant to supply their reservation system. Naturally, everybody's advice to the Railways was to go in for an imported system.

But Indian Railways put their faith in CMC. Could the job be done? Frankly, we never think about these things. We just get down to work.

50,000 passengers a day in Delhi alone. 72 different categories of coaches. 7 classes of accommodation. And 32 different types of quotas. One step at a time. We began by designing an on-line, real-time passenger reservation



system for the Delhi area. When that was done, when we had trained hundreds of railway operators, when we had streamlined operations, we moved to other cities. Today, IMPRESS systems are operational in Delhi, Bombay, Calcutta, Madras, Bangalore and Hyderabad. We're now setting them up in other cities. And plans to create an all-India network are well underway.

Flash in the pan? Fluke? Hardly. That w

just the beginning. In 1988, we made

hat leadership is nothing but the infinite patience he impossible. Bit by bit. Every single day.

pitch for a prestigious World Bank-unded contract, against international ompetition. It was for a real-time ontainer Terminal Management ystem for the Jawaharlal Nehru Port t Nhava Sheva. We got the job. They anted it done in 41 weeks.

It was the same story. 1 weeks to omplete such a mammoth and complex system? You must be out of your mind, eople said. At least get some foreign lp. We designed it. Entirely by rselves. In 41 weeks.

The people at the Port of Felixstowe England saw our work at Nhava va, and immediately asked us to sign a Ship Discharge and Load Planning System for them.

What better proof of the quality of our work than to get orders from the advanced countries? But for CMC that's no big deal. What we never forget is that our mission is to continually venture into the unknown, into new and unexplored fields.

Take the critical Message Switching Systems we've designed for the Directorate of Civil Aviation. The Load Despatch Systems for the National Hydroelectric Power Corporation and the Tamil Nadu State Electricity Board. The Games Management System for the 10th Mediterranean Games in Syria. All of them firsts.

Just like the computerised system we're currently designing for the country's biggest and busiest stock exchange in Bombay. Or the train scheduling system for the world's oldest and most complex subway, the London Underground.

Enough. You've got the picture. Anytime, anybody, whether in India or abroad wants the latest information technology in frontier or traditional areas, we're ready.

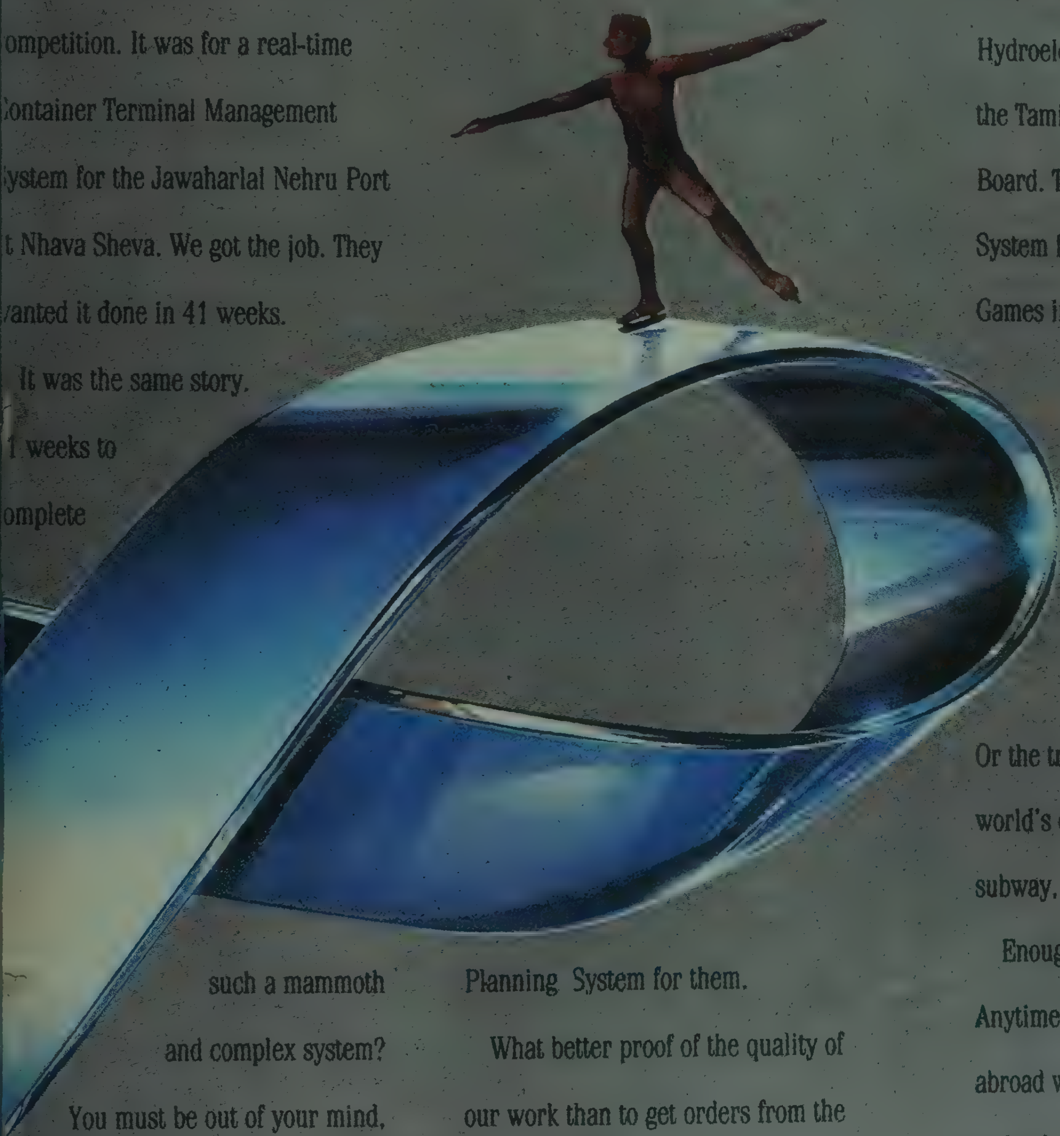
Because at CMC we have to prove ourselves every day.

CMC Limited

(A Government of India Enterprise)

1, Ring Road, New Delhi 110 014.

Pratibha/CMC/7-89



CHIEF, QUALITY ASSURANCE

PRODUCTION MANAGERS / ENGINEERS

Confidential

To

Top Flight Metallurgists and Young Production Engineers

Our clients, a highly reputed Group in the field of steel-processing heavy industry, now poised to double its output, is looking for outstanding professionals to spearhead its thrust for zero-defect products and industry leadership. The Company's principal Works, where your talents are needed, are located in a Western Maharashtra town with a pleasant climate, decent housing, schooling, etc. The Company offers pay and perquisites matching the best in the industry, a thoroughly professional environment and unlimited opportunities for growth. Industrial relations are excellent.

The Company is looking for an experienced metallurgist, age not to exceed 50 years, who, while located at the Works, may report directly to the Corporate level. The prime responsibility will be to set up the means of achieving the quality goals of the Company and to ensure their vigorous employment. He will provide conceptual guidance to the Works Management as well as hands-on leadership on the shopfloor to the Quality Assurance Personnel.

The Company is also looking for shopfloor production leaders to keep up its momentum for large-volume, high-quality production. It therefore invites young Mechanical/Metallurgical Engineers, with 3-7 years' sound production experience in related industry, to join its team for a first-class career in manufacturing management.

Do please give a call or
write to me at :

Cosmos Business Consultants
206/8 Cadell Road, Mahim
Bombay - 400 016
Telephone - 46 77 34

Yours sincerely,

D.S. Parnerkar
President

90-260

V. P. (MANUFACTURING)

South India **Excellent remuneration**

A Rs. 200 crore manufacturing company, with foreign technical collaboration, in a competitive industry, wishes to appoint a V. P. (Manufacturing) to head its plant. The company is expanding and is profitable.

The V. P. (Manufacturing) will be responsible for all the activities at the plant including operations, control of costs, personnel etc. He will report to the Managing Director. Future prospects are good.

Candidates for this senior position should preferably have an engineering/chemical technology background. They should be mature persons with leadership qualities and the ability to deal with people. Preferred age: around 45.

The remuneration package will be generous and should attract the best.

Please apply (ref: MS/5446) in strict confidence to:

A. F. Ferguson Associates
Post Box 1786
Bombay 400 001

Advt. No. EGL/Steel-II/1/90

ESSAR STEEL

Requires

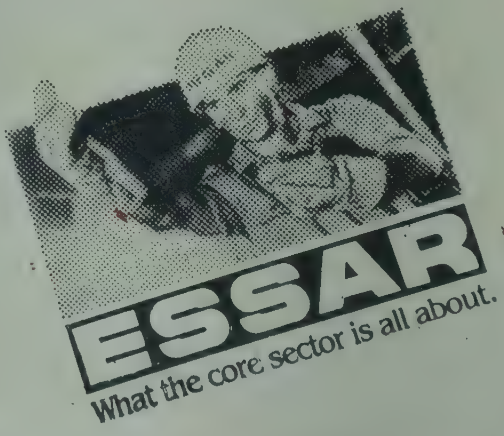
General Managers/Deputy General Managers

With 15-20 years' experience in respective fields of activity:

Activity	Minimum qualification	Background desired	Code No.
DRI Material Handling	B. TECH/B.E. (MECH. ENGG)	DRI Project Exp/Operation/Material handling system-Design/Maintenance.	EOU-1
Electric Steel Making/Continuous Casting	M. TECH/M.E. (MET/MECH. ENGG.)	Project co-ordination/Plant Maintenance in modern EAF based steel/main steel plants with continuous slab casting facilities.	EOU-2
Captive Power Plant	B. TECH/B.E. (MECH/ELECT. ENGG.)	Project/Plant operation/Maintenance experience in large thermal/gas based power plants.	EOU-3
Utility Systems	B. TECH/B.E. (MECH. ENGG.)	Project Engg./Plant Maintenance in the utilities fields such as water, natural gas, liquid fuel, compressed air in fertiliser/steel plants, etc.	EOU-4
Main Sub-station & Distribution	M. TECH/M.E. (ELECT. ENGG.)	Project Engg./Design/Execution of 220kv receiving stations preferably in similar activities in mini-steel plants with UHP-EAFs.	EOU-5
Engg. Services	M. TECH/M.E. (MECH. ENGG.)	Steel Plant repair & Maintenance of Work shops/ Roll shops/Engg. Service shops, preferably in continuous slab casting/hot strip rolling fields.	EOU-6
Steelmaking Process Tech./ QC/SPC/R & D	M. TECH MET. ENGG) Ph.D/D.Sc (MET. ENGG.)	Process Technology/Quality Control/Statistical Process Control/R&D experience in the most modern EAF based mini steel plants. Experience in flat steel products field shall be preferred.	EOU-7
Training & Human Resource Development	B. TECH. (ENGG.)/ PROFESSIONAL TRAINER'S QUALIFICATIONS	Training and operations, human resource development experience in steel plant. Experience related to foreign training programmes preferred.	EOU-8

The compensation package includes an attractive salary and benefits which are among the best in the industry. The initial posting will be at Bombay with eventual posting at Hazira. Family accommodation will be considered at both locations.

Candidates with appropriate qualifications and background are requested to send in their applications with complete bio-data and a passport photograph, superscribing the envelopes with appropriate code, to, General Manager (P&A), ESSAR, Maker Chambers IV, 14th Floor, Nariman Point, BOMBAY 400 021.



CLEA

DESIGN SPECIALISTS PUNE

Excellent opportunities for dynamic and result-oriented professionals!

Bajaj Auto, the two-and three-wheeler market leader, shall exceed a turnover of Rs. 1,000 crores in the current year 1989-90. Target for 1990-91 is over one million vehicles amounting to a turnover of Rs. 1,300 crores and launching of four new models viz. Bajaj Sunny, Bajaj Stride, Kawasaki 4S and Bajaj Legend.

To augment our full-fledged in-house R & D Department we need :

Position	Sr. Manager/Manager	Dy. Manager / Asst. Manager
Field of Specialization	Machine Design/Engine Design Electronics/Cad	Prototype Manufacturing/ Engine Design/Machine Design
Qualifications	Post Graduate / Graduate in Mech. Engineering / Electronics Engineering	
Minimum Experience	12 years in Design & Development of IC Engine or Vehicle Body Engineering or Auto Electricals/Electronics or CAD.	8/9 years in Design & Development of IC Engine or Vehicle Body Engg. or manufacturing experience in making Prototype sheet metal parts, FRP, Plastic parts or Tool room.
Age	40-45 Years	35-40 Years

All positions are based at Pune. Emoluments will be commensurate with qualifications and quality of experience. Company accommodation can be considered.

Send your resume within 10 days, superscribing on the envelope the post applied for, to :

Deputy General Manager (Personnel)

PRATIBHA-90-270

bajaj auto ltd.

Akurdi, Pune 411 035

DEEPAK FERTILISERS & PETROCHEMICALS CORPORATION LIMITED

Deepak Fertilisers is fast moving towards completion of its massive Rs. 346 crores forward integration programme. This will result in a rise in turnover from Rs. 42 crores to Rs. 250 crores. Five state-of-the art plants at Taloja Complex near Bombay will produce value added products like ANP Fertiliser, Low Density Prilled Ammonium Nitrate, Nitric Acids and Methanol, in collaboration with world leaders like ICI, Davy Mckee, Stamicarbon, Weatherly and H and G Engineering (U.K.).

Today, you can play a part in moulding a company poised for a giant leap. The company offers exciting career opportunities in the following areas.

DEPUTY/ASSISTANT MANAGERS — CHEMICAL/MECHANICAL/ELECTRICAL/INSTRUMENTATION

The job involves shouldering full responsibility in a given technical function either in Operation divisions or Technical Services/Maintenance divisions with possibilities of job rotations periodically.

You should be a graduate engineer in the respective discipline from a reputed university with 10 to 15 years of relevant work experience related to above mentioned products in large continuous process plants and having a high degree of interpersonal skills.

SR. ENGINEERS/ENGINEERS — CHEMICAL/MECHANICAL/ELECTRICAL/INSTRUMENTATION

The job involves taking up functional responsibilities in technical areas in Operation divisions or Technical Services/Maintenance divisions with possibilities of job rotations periodically.

You should be a graduate engineer in respective discipline from a reputed university with 5 to 10 years of relevant work experience related to above mentioned products in large continuous process plants.

ASSISTANT MANAGER — SAFETY

The job involves enhancing safety consiousness, improving safety practices among company employees and conduct safety surveys in the company.

You should be fulfilling the qualification prescribed for the Safety Officer, having 7 to 10 years experience of working in a continuous process plant with 4 to 5 years in particular in the safety department. Chemical engineer, with a strong commitment to industrial safety would be preferred.

Familiarity with microprocessor based control systems/DCS will be an advantage.

Gross emoluments are expected to be in the range of Rs. 1,00,000 to Rs. 1,30,000 p.a. for Managerial positions and Rs. 75,000 p.a. for Sr. Engineers/Engineers. In addition, housing will be provided in Vashi/New Panvel areas as per the Company scheme.

Please apply within 10 days of this advertisement, superscribing the envelope, the post you are interested in and the level for which you wish to be considered, at the following address:

VISION MANAGEMENT SERVICES PVT. LTD.,
72/A, ADVENT, GENERAL J. BHONSLE MARG,
OPP. MANTRALAYA, NARIMAN POINT,
BOMBAY-400 021.

Together, let's make the difference.

IF YOU ARE :

From Chemical, Oil or Process Industry
Want to create excellence by innovative methods . Here's an opportunity for you to be the Head of Manufacturing activities in an over 100 crore company with the most modern manufacturing facilities as :

GENERAL MANAGER—WORKS

Chemical Engineering Graduates — Upper Age Limit 45 years

Interested in providing and supporting the Mechanical Engineering Services and have been doing so in one of the above industries. We have been looking for you.
Come, join and grow from :

MECHANICAL ENGINEER

Mechanical Engineering Graduates — Upper Age Limit 35 years

Selling consumer products, cigarettes, newspapers or edible products through dealer network and can lead and motivate a team.
Here is an opening for you as :

SALES MANAGER (All India)

Graduates/Post Graduates/MBA'S — Upper Age Limit 40 years

Committed to build quality in our product and can provide total Quality Management in our plant using the latest techniques like Process Control, Statistical Quality Control etc.
Be a part of our professional team as :

QUALITY ASSURANCE MANAGER

Chemical Engineering Graduates or
Oil Technologists or
Post Graduate in Chemistry/Oils — Upper Age Limit 40 years

Growth opportunities are unlimited as we are a part of one of the top ranking groups of the country.

If you have the expertise and ability to deliver results, and are willing to stay at our works in the National Capital Region, Salary and Perks will be rewarding.

Mail in your resume to our consultants in strict confidence :

R. Kapoor, Director
CMS Comprehensive Management Services (P) Ltd.
HS-28, Kailash Colony Market New Delhi-110048. Ph : 6415313

mcc/126

Graduate Engineers

Train for a Maritime Career with Essar which starts at Rs. 10,000 pm and offers adventure too!

As a part of the Essar Maritime Career Programme, we wish to take on fresh Graduate Engineers to train and equip them for an exciting and rewarding career in merchant shipping. With our current Rs. 180 crore fleet expansion programme underway, there will be ample opportunities for rapid promotion and growth for the right candidates on board and shore.

TRAINEE NAVIGATION OFFICER JOB CODE : TNO	:	Successful candidates would be first-division BEs. Electronic, Instrumentation or Electrical Engineers below 22 years of age, on June 30, 1990, and have 6/6 eye sight. Training would be pre-sea as well as on board ship for a period of 15 months starting June, 1990. On confirmation and subsequent successful completion of professional courses and examinations, a Navigation Officer could rise to the position of Master/Captain of a cargo ship in just about 6-8 years.
TRAINEE MARINE ENGINEER JOB CODE : TME	:	Successful candidates would be first-division BEs in Mechanical Engineering and aged below 23 years. Training ashore would be for a period of 12 months. On confirmation and subsequent completion of professional courses and examinations, an Engineer Officer could rise to the position of Chief Engineer of a cargo ship in about 6 years.
STIPEND DURING TRAINING	:	Rs. 1800 pm on board for Trainee Navigation Officers. Rs. 1000 pm for Trainee Marine Engineers.
GROSS SALARY ON CONFIRMATION	:	Approximately Rs. 10,000 pm. Within two years this would rise to around Rs. 16,000 pm gross.

This is an excellent opportunity for the right candidates to make a long term, highly rewarding and adventrous career in merchant shipping.

Please send in your Bio-Data by post only within ten days of this advertisement. Mention the name of the Institution of education for your degree course. Please write to, Dy. General Manager, Personnel Department, ESSAR SHIPPING LIMITED, Maker Chambers IV, 13th Floor, Nariman Point, Bombay 400 021 superscribing the envelope with the post applied for and the Job Code.

Please do not visit the office for enquiries.

ESSAR

MAKER CHAMBERS IV, NARIMAN POINT,
BOMBAY 400 021.

CLEA

APPOINTMENTS

SESA GROUP — IRON ORE | SESA GROUP — SHIPBUILDING | SESA GROUP — PIG IRON | SESA GROUP — INFORMATION SYSTEMS

The **Sesa Group** which started with **Sesa Goa Limited** in 1954 engaged in the business of mining and export of iron ore has, after its Indianisation in 1982, diversified into other engineering fields like Shipbuilding, Machinery manufacture and Information technology and is now going in for the manufacture of Pig Iron. The company is now poised for a major expansion in new areas of manufacture and information and offers exciting opportunities to Managers who join the Group at this crucial stage of its development.

MANAGEMENT TRAINEES:

Our immediate need is for Management Trainees in the fields of marketing and sales, engineering, accounts and personnel. Candidates having a good university degree in the respective discipline may write to the undersigned giving full details and a one page essay on their career expectations.

The training period will be 24 months but candidates having a post graduate Business Management qualification will be given preference and will have the period reduced to 18 months.

MANAGER – SHIPYARD:

Candidates should be Marine Engineers around 35 – 45 years with relevant shop floor experience in the Shipbuilding industry.

PRODUCTION MANAGER – PIG IRON:

Candidates should be around 35 – 45 years with a degree in Metallurgical engineering and proven experience in blast furnace operation.

MANAGER – POWER PLANT:

Candidates should be around 35 – 45 years with a degree in electrical engineering and experience in operating a steam based Power Plant of 3/5 MW capacity.

MARKETING/SALES MANAGERS:

Ideally candidates should be 25 – 30 years and have a degree (preferably engineering) with Post Graduate qualifications in marketing plus 5 years experience.
However, candidates having relevant experience that compensates for the desired qualifications, will also be considered.

The above 5 positions are in the company's convenanted Management grade and carry an attractive remuneration package. Applications giving full details should be addressed to the **General Manager – Personnel, Sesa Goa Limited, Altinho, Panjim, Goa – 403 001.**

Clamar

ABC's major specialisations include Corporate Consultancy • Systems & Procedure • Business Negotiations • Technology Transfer • Project Reports • Operations Research • Industrial Engineering • Data Processing • Computer Software Packages • Materials Management • SWOT Analysis • Systems & Procedure • Business Negotiations • Socio Economic Studies • Materials Management • O & M

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After initial training abroad, he will take charge of complete quality function and will develop, implement, monitor quality assurance systems to ensure quality consistent production matching customer needs. Should be a Postgraduate/PhD in Physical or Organic Chemistry with 10/12 years experience in Polymers/Plastics Industry. Age Group 38-45. Code QAMT/CAL/2755.

INDUSTRIAL RELATIONS OFFICER

For maintaining cordial industrial relations and developing employee services like transport, canteen, safety, welfare, etc. Should have thorough knowledge of **Factory & Labour Laws in West Bengal.** Professional Qualification in Personnel Management and 3/4 years experience in industry will be essential. Age Group 28-32. Code IROT/CAL/2757.

ADMINISTRATIVE OFFICER

Will assist the Department Head in providing effective administrative services. Should have a pleasant personality and good communication skills. Must be a Graduate with 3/4 years similar experience in reputed companies. Age Group 28-30. Code AOT/CAL/2756.

SECURITY OFFICER

Incumbent will be required to organise & run an effective security system to safeguard company property. He will also be expected to liaise with relevant local authorities. Ideal candidate will be Ex-Army/Police personnel with similar experience in large industrial establishment in West Bengal. Code SOT/CAL/2758.

High Performers could look forward to a very rewarding career in a professionally managed and demanding environment. Total emoluments will be handsome & entirely negotiable. Please write in strict confidence within 10 days to **T Sengupta, Senior Manager** and mark the envelope & enclosures with respective job title & code.

(Personnel Selection Division)

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6A, Middleton Street, Calcutta-700 071, Phone : 293078/2431.

Advt. No. EGL/Steel-II/2/90

ESSAR STEEL

requires

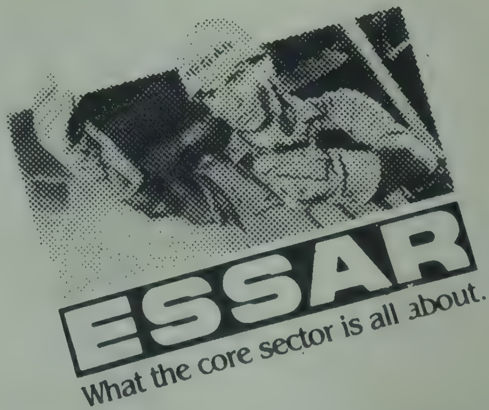
Managers/Deputy Managers

with 7-12 years' experience in respective fields of activity:

Activity	Minimum qualification	Background desired	Code No.
DRI Material Handling	B. TECH/B.E. (MECH. ENGG)	DRI Project Exp/Operation/Material handling system-Design/Maintenance.	EOU-9
Electric Steel Making/Continuous Casting	M. TECH/M.E. (MET/MECH. ENGG.)	Project co-ordination/Plant Maintenance in modern EAF based steel/main steel plants with continuous slab casting facilities.	EOU-10
Captive Power Plant	B. TECH/B.E. (MECH/ELECT. ENGG.)	Project/Plant operation/Maintenance experience in large thermal/gas based power plants.	EOU-11
Utility Systems	B. TECH/B.E. (MECH. ENGG.)	Project Engg./Plant Maintenance in the utilities fields such as water, natural gas, liquid fuel, compressed air in fertiliser/steel plants, etc.	EOU-12
Main Sub-station & Distribution	M. TECH/M.E. (ELECT. ENGG.)	Project Engg./Design/Execution of 220kv receiving stations preferably in similar activities in mini-steel plants with UHP-EAFs.	EOU-13
Engg. Services	M. TECH/M.E. (MECH. ENGG.)	Steel Plant repair & Maintenance of Work shops/ Roll shops/Engg. Service shops, preferably in continuous slab casting/hot strip rolling fields.	EOU-14
Steelmaking Process Tech./ QC/SPC/R & D	M. TECH MET. ENGG) Ph.D/D.Sc (MET. ENGG.)	Process Technology/Quality Control/Statistical Process Control/R&D experience in the most modern EAF based mini steel plants. Experience in flat steel products field shall be preferred.	EOU-15
Training & Human Resource Development	B. TECH. (ENGG.)/ PROFESSIONAL TRAINER'S QUALIFICATIONS	Training and operations, human resource development experience in steel plant. Experience related to foreign training programmes preferred.	EOU-16

The compensation package includes an attractive salary and benefits which are among the best in the industry. The initial posting will be at Bombay with eventual posting at Hazira. Family accommodation will be considered at both locations.

Candidates with appropriate qualifications and background are requested to send in their applications with complete bio-data and passport photograph, within 10 days SUPERSCRIBING THE ENVELOPES WITH APPROPRIATE CODE, to General Manager (P&A), ESSAR, Maker Chambers IV, 14th Floor, Nariman Point, BOMBAY 400 021.



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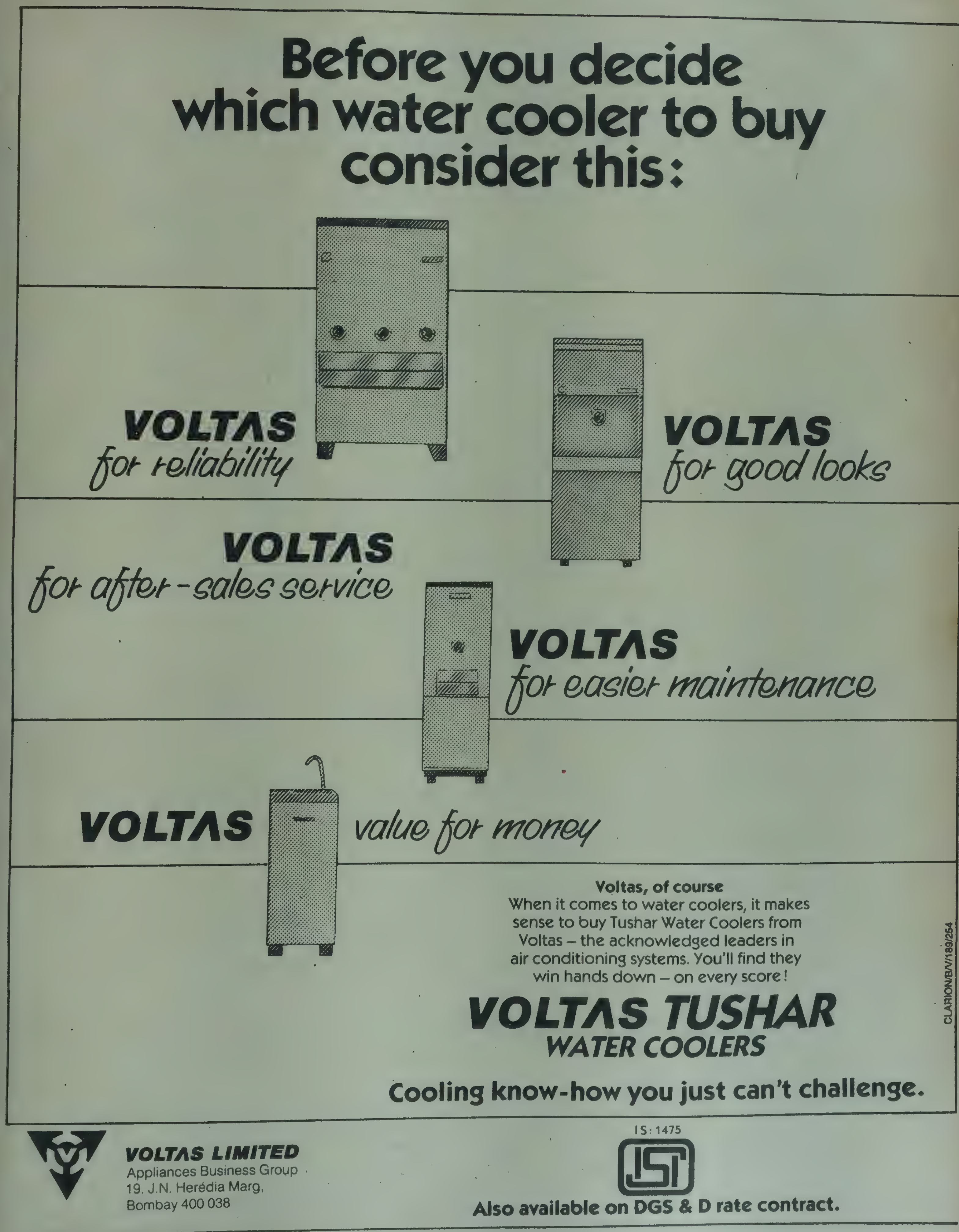
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VOLTAS
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CENTURY TEXTILES AND INDUSTRIES LTD.

Regd. Office: Century Bhavan, Dr Annie Besant Road, Bombay 400 025

Address for correspondence: Industry House, 159 Churchgate Reclamation, Bombay 400 020.

NOTICE

It is hereby notified for the information of the public that "Century Textiles And Industries Ltd," proposes to make an application to the Central Government in the Department of Company Affairs, New Delhi under sub-section(2) of Sec. 22 of the Monopolies and Restrictive Trade Practices Act, 1969 for approval to the establishment of a new undertaking/ unit/ division. Brief particulars of the proposal are as under:-

1. Name and address of the applicant — Century Textiles And Industries Ltd.
   Industry House 159 Churchgate Reclamation Bombay 400 020

2. Capital structure of the applicant organisation — Capital structure of "Century Textiles And Industries Ltd" as on 31st December 1988:

Share Capital		(Rs in lacs)
Authorised Equity	3000.00	
Preference	200.00	3200.00
Issued Equity	2663.16	2663.16
Subscribed Equity	2661.62	2661.62

3. Management structure of the applicant organisation indicating the names of the Directors including Managing/ Whole-time Directors and Manager, if any. — The details of the Management structure is as under:

   Board of Directors
   1. Shri B.K. Birla-Chairman
   2. Shri Rasiklal Maneklal
   3. Dr. Ramnath A. Podar
   4. Shri Pradip Kumar Daga
   5. Shri S.K. Birla
   6. Shri A.H. Sheth
   7. Shri E.B. Desai
   8. Shri Arvind C. Dalal
   9. Shri N.J. Jhaveri (ICICI Nominee)
   10. Shri K.P. Narasimhan

   Manager under the Companies Act
   Shri S.P. Mandelia

4. Indicate whether the proposal relates to the establishment of a new undertaking or a new unit/ division — The proposed undertaking will be a division of Century Textiles And Industries Ltd.

5. Location of the new undertaking/ unit/ division — Backward district in Gujarat

6. Capital structure of the proposed undertaking — The proposal is to be implemented by the existing company whose capital structure is given in item 2 above.

7. In case the proposal relates to the production, storage, supply, distribution, marketing or control of any goods/ articles, indicate:
   i) Names of goods/ articles — i) Carbon-di-sulphide ii) Sulphuric acid
   ii) Proposed licensed capacity — i) Carbon-di-sulphide-33000 TPA ii) Co-product sulphuric acid 80000 TPA (based on hydrogen sulphide)
   iii) Estimated annual turnover — Rs 40.00 crores

8. In case the proposal relates to the provision of any service, state the volume of activity in terms of usual measures such as value, income, turnover, etc. — Not Applicable

9. Cost of the project — Rs. 35.00 crores

10. Scheme of finance, indicating the amounts to be raised from each source — Internal resources, foreign loans/ supplier's credit/ borrowings and debentures/ deposits etc.

Any person interested in the matter may make a representation in quadruplicate to the Secretary, Department of Company Affairs, Govt. of India, Shastri Bhavan, New Delhi, within 14 days from the date of publication of this notice, intimating his views on the proposal and indicating the nature of his interest therein.

For Century Textiles And Industries Ltd
Sd/-
D.K. Agrawal
Secretary

Dated this 10th day of March, 1990.

DILIP THAKORE

The constituent partners of an enterprising couple currently riding the crest of a huge wave of success are Behram and Farzana Contractor, editor and chief executive respectively of the Bombay-based post-lunch daily, *The Afternoon Despatch & Courier (ADC).*

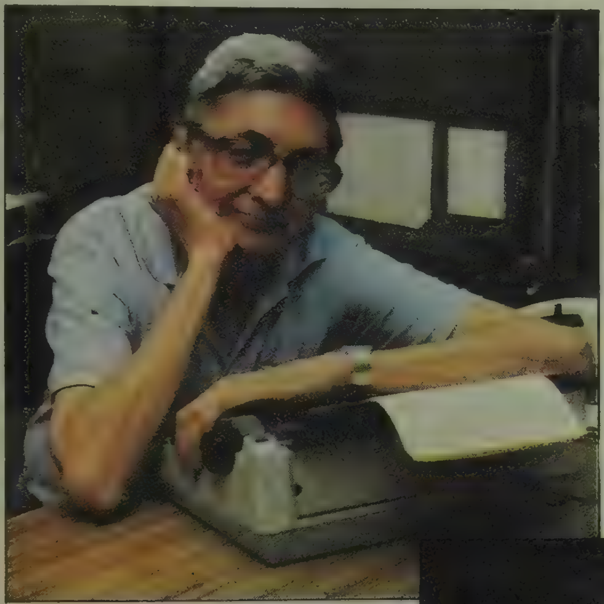
And they thoroughly deserve the ride because the *ADC* is — with a little help from publisher-financier Kamal Morarka, MP — entirely their creation. Quite a creation, too. Currently, according to Farzana, *ADC*'s print run is 52,000 copies per day, advertising revenue in fiscal 1989-90 was Rs 2 crores, its 85 employees (including 25 editorial staff) are among the most well paid in the fourth estate, and the daily has been firmly in the black since the very first five year of existence.

This impressive record perhaps explains why on 25 March — the fifth birthday of the *ADC* — the daily went to town. An advertisement laden 100-page edition (print run: 80,000) on 23 March was followed up with a three-sitting, multi-course traditional Parsi-cuisine dinner at the picturesque Pilot Bunder Parsi Agiary in south Bombay, to which anybody who was anybody in the city was invited. And almost everybody who was somebody made it a point to attend.

Yet behind the apparently fairy-tale success of the *ADC* is a warm human-interest story of harnessed talent and challenge and response.

An English literature and law graduate of Bombay University, Contractor (59) began his journalistic career as a cub reporter in the *Free Press Journal* in 1955. In 1962, he signed up as a reporter with the *Times of India (TOI)* group. In 1966, he began writing a droll 500 to 600-word column titled 'Round and About' under the *nom de plume* Busybee for the *TOI* group's afternoon daily, *Evening News of India,* R.I.P. Over the next 13 years, this daily column, with its unique mix of humour, wit and socio-political insight, became the most read column in the nation's commercial capital.

Fourth estate legend has it that in 1979, after almost a quarter century as a reporter, Contractor asked the mandarins of the *TOI* group for a promotion to the status of chief reporter. To their no doubt lasting regret, the mandarins aforesaid negatived the appeal. In 1979,



THE CONTRACTORS MANAGED A FAIRY TALE SUCCESS

Contractor signed up with Khalid Ansari of the *Inquilab* group of publications to launch *Mid-Day* as a competitor to the *Evening News.* Within two months the bold, new tabloid daily bested the *Evening News* on the newsstands.

Over the next six years as *Mid-Day* prospered mightily, Ansari developed a somewhat flamboyant hands-on style of management which obviously made Contractor uncomfortable. In 1985, shortly after his marriage with Farzana (nee Khan), the Contractors and Morarka launched the *ADC.* Currently, *Mid-Day* and *ADC* are striving mightily to win friends and influence readers and advertisers, who certainly aren't complaining.

"We are now planning to purchase a composite office for the *ADC* and to launch a Sunday paper. In the meanwhile, the *ADC* is going from strength to strength because a publication is as good as the people in it. And we have taken care to build a committed team of competent professionals," says Farzana Contractor who has supervised *ADC*'s administration and business operations *ab initio.*

Quite a fairy-tale ending, but it could be just a beginning.

Another journalist who has come good, though in an entirely different field, is former *Business India* and *Fortune India* editor Deepak Raja (42), currently the chief executive of the Bombay-based Strategic Consultants Pvt. Ltd. (SCL), "India's first credit-risk evaluation consultancy company in the private sector." And with effect from 1 April, SCL's clientele will be able to avail of the proven expertise of Professor Edward I. Altman, currently professor of finance and chairman of the MBA programme at the Graduate School of Business, New York University.

"Dr Altman is an international authority on bankruptcy prediction and is recognised on Wall Street as the guru of junk bonds assessment. Dr Altman won celebrity status in the sixties with his Z-score model for bankruptcy prediction which has found its way into every significant textbook on financial management in India and all over the world. He has also written three celebrated books. We are very fortunate that he has agreed to provide SCL with continuous and project-specific guidance in the development of credit-risk models appropriate to the Indian financial environment," says Raja.

Rational and contemporary credit-risk evaluation systems are

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Finolex gets people together

certainly required in India because industrial sickness is endemic and spreading. According to Raja, currently a massive sum of Rs 2,000 crores of citizens' savings is frozen in over 1.5 lakh sick enterprises across the country, "most of which were improperly evaluated and monitored for risk." Therefore, Raja believes that banks and financial institutions are high-potential customers for scientific credit-risk evaluation systems.

And Raja, who promoted SCL in 1983, certainly has the experience — with a little help from Prof. Altman — to deliver this expertise. An economics graduate of Delhi University and an alumnus of IIM-Ahmedabad, Raja has acquired considerable experience in a gamut of service firms. Among them: Clarion Advertising (1969-72), Ulka Advertising (1973-75), the Ananda Bazar Patrika group of publications (1975-77) and Hindustan Thompson (1977-79).

In 1980, after your columnist put in his papers as editor of *Business India*, Raja took over. Three months later he followed suit for the same reasons and surfaced in 1983 as the publisher-editor of *Fortune India*. Once he put the publication on the rails, he promoted SCL, to which he has been devoting his full attention since 1986. Since then business has been good. His clients include Canara Bank, Citibank and Grindlays, among others.

Raja, an expert sitarist who has been performing sporadically for All India Radio for almost three decades, lives on Bombay's Malabar Hill with wife Meena, a former advertising manager of the Taj Group of hotels. Currently a painter, Meena Raja is working towards her first one-woman exhibition scheduled for early next year.

RAJA IS COUNTING ON ALTMAN

In a nation of clerks, run (more accurately, staggered) by clerks for clerks, there is a widespread and understandable feeling that only those who inherit capital can become successful capitalists in the healthy, socially beneficial sense of the word. Right?

Wrong. A good professional reputation, a dash of entrepreneurial drive and a good imagination can serve just as well. A case in point: Udayan Bose (41), promoter-chairman of the merchant bank Creditcapital Finance Corp. Ltd. (CFC). Bose is currently riding high in the afterglow of the successful public issue of Creditcapital Venture Fund Ltd. (CVF) — India's first private sector venture capital company promoted by CFC. CVF went public in January to raise Rs 3.5 crores. The public issue was oversubscribed 16 times, which is tantamount to a massive vote of confidence by the nation's investing public in Bose.

"CVC will provide entrepreneurs who have ideas and ability, but no finance, with equity capital for new greenfield projects. The fund will also provide mezzanine finance to entrepreneurs and firms with good track records to expand their businesses. India is very rich in entrepreneurial talent but startup risk capital is scarce. CVC hopes to meet some of the demand for venture capital," says Bose.

Bose's constructive sympathy for entrepreneurs hobbled by the scarcity of venture finance is hardly surprising considering he had to resort to unorthodox ways to raise the finance to promote CFC in 1985. "I had no money worth talking about at that time," says Bose candidly.

But he had other talents which he put to good use. A chemistry graduate of Calcutta University who, in a sudden switch of tracks, went on to acquire a diploma from the London Institute of Bankers, Bose began his career by acquiring banking experience in Grindlays Bank (1969-80).

BOSE & WIFE USHA: PROMOTING VENTURE CAPITAL

In 1980, he signed up with Deutsche Bank in West Germany for whom he set up its first branch in India (Bombay) in 1983.

It was this experience and a reputation for competence as well as a rare persuasive ability which enabled him to promote CFC in 1985. Bose persuaded the heads of five major industrial houses — Oberoi, Thapar, Birla, Reliance and Enfield — to purchase equity valued at Rs 10 lakhs each of CFC. Simultaneously, he roped in Lazard Bros & Co. Ltd. — the highly respected 148-year-old, London-based merchant and investment bank — to subscribe to 25% of the capital as a joint venture partner. Since then CFC has been on a roll. In fiscal 1989-90, the merchant bank earned fees aggregating to a handsome Rs 5 crores.

"CFC is fortunate in having the Lazard Bros growth model to follow. A few years ago we acquired a controlling interest in a stockbroking and underwriting firm and recently linked with Pechiney World Trade, an export marketing firm, to provide overseas marketing advice to our clients. And right now we are negotiating a tieup with a technology transfer company overseas. Once this is through, we will complete the circle of our activities," says Bose.

Now beginning to reap the fruits of success, Bose lives in the very upmarket Sterling Apartments on Bombay's Peddar Road with his attractive wife Usha and three children. All of which goes to prove that you don't have to be born a capitalist to become a capitalist.

■ *Dilip Thakore*

The author is the chief executive of Datamatics Direct and former editor of BusinessWorld.

A NEW ROLE

It's not just the daughters of K.K. Birla who are taking up a higher profile in public life. News has just been received that Jayashree Mohta, daughter of B.K. Birla, has been appointed honorary consul for Belgium in Calcutta — a post which marks a new role for a lady from India's first business family.

But consular roles are not entirely new for family members: Mohta's brother Aditya Birla has been the Philippines' honorary consul in Bombay for years.

SAVVY LAUNCH

Citibank is getting its credit card act together. And with good reason. Thanks to the huge membership that's come its way, courtesy the Diners takeover, it is thinking of a full-fledged launch by May-end or early-June. In all probability, the Diners card is going to be rechristened and in its new avatar, it's bound to go places with the marketing savvy of India's most aggressive bankers backing it.

Meanwhile, Citibank is up against a minor brain-drain in its merchant banking division. P.N. Vijay, who headed the division put in his papers some time back. Today he runs his own outfit in New Delhi — P.N. Vijay Associates (P) Ltd. Others who have quit include J. Govindaraj, chief of merchant banking, Bombay (he is now a stockbroker in Madras), P.S. Reddy, assistant vice-president, merchant banking, Bombay (now a stockbroker in Bangalore), and Pradip Mane, from the investment banking wing.

RED-TAPE ROUTES

Hopefully, the Indian Institute of Management, Calcutta (IIM-C) will be third time lucky in its attempt to instal a director to succeed R.P. Aiyar. After two previous appointees had their selections vetoed by the government (which funds all IIMs and, therefore, calls the final shots), the selectors have now identified S. Neelamegham, dean of the University of Delhi's South Campus, as their recommended nominee.

The recommendation will have to be cleared first by the West Bengal government, then by the human resources department at the Centre and finally by the appointments committee of the cabinet (ACC). Right now, Neelamegham's file is inching along somewhere on this labyrinthine route.

SOUR RELATIONS

Is the Reserve Bank of India (RBI) having second thoughts on the Deposit Insurance & Credit Guarantee Corporation (DICGC)? The corporation was set up with the twin objectives of providing insurance protection to bank depositors and guaranteeing support to the credit extended by banks. Of late, however, the corporation has been facing rough weather with bank credit turning sour and recoveries on the wane.

DICGC's economics have come under severe strain and the banking industry is already speculating about the corporation's future. The grapevine has it that RBI is seriously thinking of winding up the corporation. That's one move which many banks, particularly the large players, will welcome. Topdog bankers feel that their payouts to DICGC for insurance cover (a sizable 1.5% of total outstandings) are too high and not quite commensurate with the benefits derived. But with the corporation's main beneficiaries being small depositors and small banks, won't a wind-up by RBI hit these lesser players?

RBI HAS SECOND THOUGHTS

WHITE ELEPHANTS

Populist proposals for gigantic new steel projects have surfaced again. For starters, the matter involved Janata Dal heavyweight Biju Patnaik, chief minister of Orissa, who has set his heart on a large integrated project at Daitari in the joint sector. The technical collaboration proposed is from South Korea.

Steel ministry officials are dismayed for they don't want another Visakhapatnam (Vizag). The Vizag plant, on which thousands of crores of rupees have been spent so far, is yet to produce a single tonne of steel. In the matter of the Orissa project, the country is again being stampeded into a grandiose spending programme. Also, with Biju Babu having swung into action, Ramakrishna Hegde cannot afford to be left behind. Hegde is bound to pressure the government for a steel plant at Vijaynagar in Karnataka. Can the country afford this approach, they ask.

ROUGH ICE

Cadbury's efforts to market ice creams in Bombay under the Dollops label sourced from Joy Ice Creams has run into lops of trouble. Reason: a Datta Samant-backed strike in Joy's plant in mid-January. The strike is believed to have the support of Joy's envious rivals. While Joy is trying hard to keep the plant going on a limited scale with the help of executives and loyal workers, the strike has hit supplies to the catering segment, Joy's main strength in Bombay, and that in spite of transporting ice creams all the way from its Bangalore plant.

Meanwhile, Cadbury has tapped another small scale Ahmedabad-based manufacturer for supplies to the Bombay market — an arrangement similar to the one in Hyderabad with Indana ice creams.

The 1:20 fast local reminds Vikram Ahuja of a Swissair daily feature. The 1:20 Bombay-Zurich non-stop. On Vikram's business horizon, Swissair to Zurich non-stop is a regular sight. The arrival is in the early hours, in good time to catch our frequent and prompt connections to over fifty European business centres, six gateways to the U.S.A. and two to Canada. So everytime you wish to fly, you will welcome Swissair's hospitality, punctuality and service. All of which you can enjoy just the way Vikram does. With your eyes shut.

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BusinessWorld

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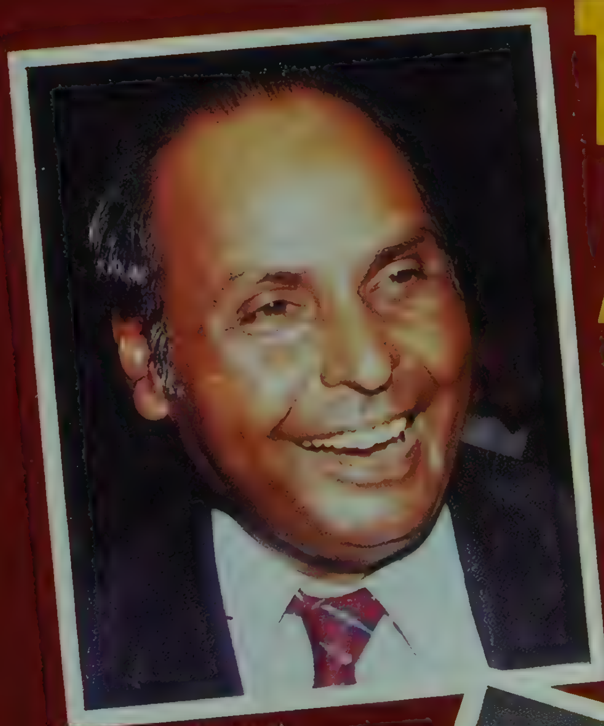
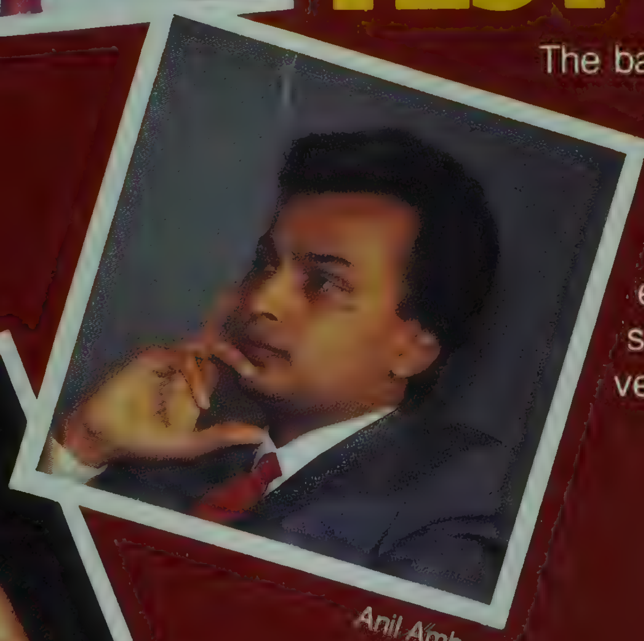


Dhirubhai Ambani

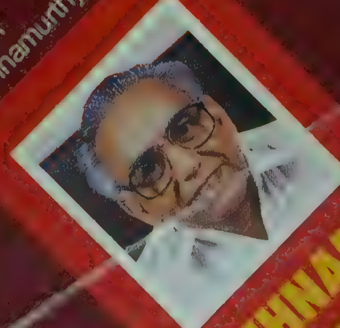
The battle for control of Larsen & Toubro is more important to the Ambanis than anything else now. At stake is their very future.



Anil Ambani

Mukesh Ambani

SAIL chief V. Krishnamurthy



V. KRISHNAMURTHY IN THE DOCK

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- INDCHEM'S TECHNO-TRAIL

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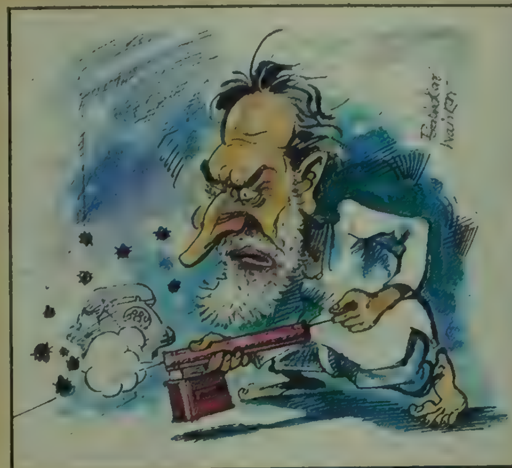
BUSINESS QUOTES



- **...they (the government) have tapped all my phones. Not just that, they have bugged even the rooms. I have checked it out with a debugger.**

  Janata Dal leader Chandra Shekhar, quoted in *The Independent.*

- **If India moves to a more open investment policy, it could move forward, I must say, back towards the forefront of the world's nations where it belongs.**

  US commerce secretary Robert Mosbacher, quoted in *Indian Express.*

- **That (hoarding of gold) was in the old days when tax raids were yet to be invented. Now there are a lot of safer alternatives.**

  Bengal Jewellers' Association secretary Mohan De on whether repealing of the Gold Control Act will lead to more hoarding, quoted in *Sunday Mail.*

- **There is a definite feeling that we can face the challenge of the opening up of the Indian economy...but it cannot happen overnight.**

  Industrialist H.S. Singhania, quoted in *The Telegraph.*

- **While small is beautiful, big is not bad.**

  Industry minister Ajit Singh on whether there is any discrimination against small units, quoted in *Business Standard.*

- **While finance minister Madhu Dandavate had identified the disease, he failed to take appropriate corrective measures.**

  Former finance minister Pranab Mukherjee on the Union budget, quoted in *Deccan Herald.*

- **Let him (Manu Chhabria) do whatever he wants; our combined stake is 42%.**

  Gammon managing director T.N. Subba Rao on Chhabria's statement that he has not given up the takeover attempt, quoted in *The Economic Times.*

- **We are not going to take performance or fuel economy away from the customers. I haven't seen one guy buy a car because it's got the cleanest tailpipe.**

  General Motors president Robert Stempel on the company's plans, quoted in *Fortune International.*

- **What would be a liquidity crisis for a small broker would be only a pimple for Nomura (the giant Japanese securities firm).**

  Financial analyst Simon Smithson on the Japanese stock exchange crash, quoted in *Asian Wall Street Journal.*

BusinessWorld

IN THIS ISSUE

IT'S TESTING TIME FOR AMBANI

BUSINESS FEATURE

THE AMBANIS' BIGGEST TEST

For the almighty Ambanis, testing time is at hand. With the Life Insurance Corporation requisitioning an extraordinary general meeting of Larsen & Toubro to remove the Ambanis from the company's board, the government and the mega-industrialist are eyeball to eyeball. There is little chance that either of them will blink.

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SPOTLIGHT

V. KRISHNAMURTHY IN THE DOCK

As Sail's chairman V. Krishnamurthy prepares to hang up his gloves, the chances are that he may have to put them on again to defend his track record. Krishnamurthy doesn't see eye-to-eye with key people in the present government, which is re-examining the former's decision to award turnkey contracts for modernising and expanding Sail's steel plants.

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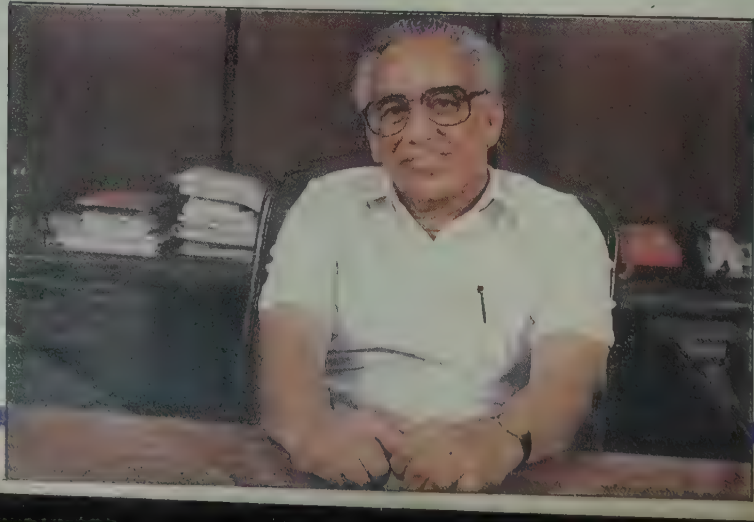
KRISHNAMURTHY'S RECORD IS UNDER ATTACK



SPECIAL REPORTS

UNNI'S C-DOT

Communications minister K.P.Unnikrishnan, who loves to hate ex-czar of telecom Sam Pitroda, is certain that Sam's baby, the Centre for Development of Telematics (C-DoT), has a future beyond Sam.

▪ PAGE 32

IIM-B: CAMPUS CLASH

The director of the Indian Institute of Management, Bangalore, J. Philip, is under fire from some of his own campus staff who are campaigning against another term for him.

▪ PAGE 34

Another Special Report item on page 36

AD & MARKETING WORLD

CREATIVITY WORKS

Just 14 years after it was set up, Trikaya Grey Advertising is making big waves in the business. Billed as the most creative ad agency in the country, Trikaya has been consistently sweeping the ad awards. But Trikaya is much more than a gimmicky creative ad shop. Its track record is evidence enough of that.

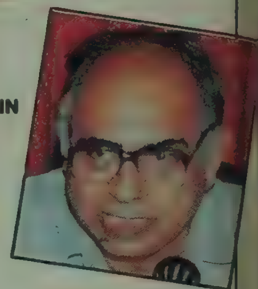
TRIKAYA CHIEF RAVI GUPTA IS MAKING WAVES

▪ PAGE 21

SPECTRUM

THE FOX & THE SHEEPDOG

M.J. Pherwani's term as UTI chief ended abruptly in March. Successor S.A. Dave appears to be more of a regulator than a player. Will it mean less exciting times for the markets?



PHERWANI (ABOVE) OUT & DAVE IN

▪ PAGE 46

COMPANY NEWS & EVENTS

INDAL'S HI-TECH FORAY

Indian Aluminium's entry into the manufacture of printed circuit boards makes good sense. But with an inexperienced team to man the sophisticated factory and poor inflow of orders, is the investment viable?

▪ PAGE 85

PUNSUMI'S GROWTH SPARK

Not satisfied with the huge success of its aluminium electrolytic capacitors, V.K. Bhargava of Punsumi India has now set out on further expansion and backward integration. With the increasing demand for its product, Bhargava should be sitting pretty.

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Other Company News items from page 91

9 MAY 1990

INDCHEM FACTORY IN MADRAS & (INSET) KUMAR

CORPORATE INSIGHT

INDCHEM'S TECHNO-TRAIL

Quietly, the Tamil Nadu-based Indchem group of companies led by N. Kumar is carving up a niche for itself in high-tech areas. Kumar's clutch of companies is still small in terms of turnover, but size is not what excites him. It's technology.

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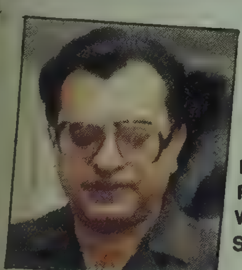
IN THE NEWS

MAFATLAL MAGIC

The Mafatlal group has a finely-woven strategy to take their textiles export



MALIK: FINELY WOVEN STRATEGY

figure to Rs 150 crores in three years, says Prem Malik, senior V-P (marketing).

■ PAGE 27

EDGE OVER COMPETITION

DCM Data Products struck the right keys and has bagged a $ 50 million order from Phoenix Group International.

■ PAGE 27

A DIFFERENT BLEND

The taste of success in tea has made R.K. Kanoi of the Kanoi group go in search of other flavours. His two new projects are latex gloves and paper.

■ PAGE 28

A HEALTHY DRIVE

Wockhardt has set up a sophisticated medical and research centre in Bangalore. Chairman and managing director H.F. Khorakiwala says that five more centres are on the anvil.

KHORAKIWALA IS PLANNING MORE HEALTH CENTRES

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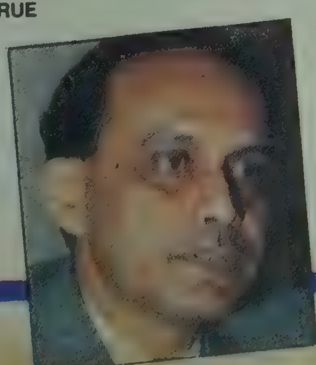
SUC'CES'SFUL VENTURE

The award for the export of engineering consultancy was a dream come true for S.S. Chakraborty of Consulting Engineering Services. With prospects in West Asia waning, he is turning his attention homeward.



CHAKRABORTY: DREAM COME TRUE

■ PAGE 30

THE DUNN THING

Young entrepreneur M.N. Venkatasubramaniam has embarked on a hi-tech venture to manufacture synthetic rutile. Says he, "The whole world is watching to see if we succeed."

VENKAT IS GOING HI-TECH

■ PAGE 31

BANKING ON TANKS

Sanjay Budhia of Electrometal Tanks has donned his battle helmet to wage war on other manufacturers of domestic and industrial water storage tanks.

■ PAGE 31

BANKING & FINANCE

STANCHART CHARTS A NEW COURSE

Belatedly, Standard Chartered Bank is revamping its operations under its first Indian CEO P.S. Nat.

■ PAGE 11

Other Banking & Finance items on page 12

OTHER PAGES

Cover pix of Dhirubhai & Mukesh Ambani by Anil Wanvari

Would he call Tree Top a commercial success? "Too early to say," answers Lipton India's chairman B.R. Shah guardedly.

"We're No. 2, but then our main rival (Parle's Frooti) came on the scene three years ahead of us. I would say our marketshare — don't ask what exactly it is —is in line with our expectations."

As for Taaza tea, launched in pouch packaging last year, Shah holds that the response has "surpassed" expectations.

In vanaspati, efforts to raise capacity in one of the company's units have yet to get the nod, though, going by the rulebook, any vanaspati unit which has modernised is free to expand capacity by 49%. "We're awaiting the government's blessing," says Shah.

WILL SHAH TOP WITH TREE TOP?

Lipton, meanwhile, is planning to launch new products in foods and beverages but Shah, naturally, is unwilling to discuss details lest competition take advantage. "Though we keep the printing of new product labels under wraps, we have realised even that is no safeguard against news leaking out," observes Shah wryly. Unfortunately for him and others in competitive arenas, no sooner is a product decision taken rivals start shouting about it from the tree tops.

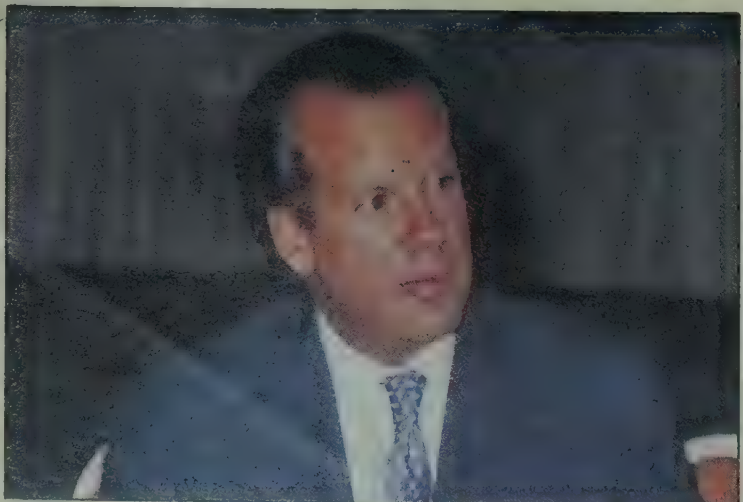
From New York came John Bernbach heading what he terms the "terrible trio" to tie up with Mudra Communications. The trio: Bernbach himself, who is the president of DDB Needham Worldwide; Alan Pilkington, president of the Asia-Pacific region and Bernard Brochand, president of DDB Needham International.

Why terrible? That's a joke. Why India? "Today the trend is towards globalisation, " says Bernbach. "Twenty years ago, 74 agencies had 75% of all the ad business in the world. Today, six agencies represent 65%."

Besides, he adds, though India ranks 16 or 17 in terms of the advertising market, it has the potential to jump quite a few rungs very soon. And DDB Needham wants a piece of the action.

But why Mudra? " Because it's the best," says Bernbach. Are Mike Khanna and Alyque Padamsee listening?

BERNBACH BACKS MUDRA



Old soldiers don't die, they only fade away. Today's cricketers don't even fade away. If they emulate deposed cricket captain Krishnamachari Srikkanth, they will continue to capture the limelight in the other walks of life.

A surprise guest at a Confederation of Engineering Industry-hosted dinner in Madras, the swashbuckling cricketer, an electrical engineer by training, was seen hobnobbing with captains of industry about the intricacies of business. Already en route to a career in business when his cricketing one ends, he will be no Johnny-come-lately to industry. His family is already in it. His father is the founder of a Rs 4 crore group of small engineering companies while brother Srinath runs a leather export firm, Aditya Leather Exports, both of which Srikkanth is associated with.

The leather export firm bagged orders worth Rs 41 lakhs in 1989 but Srikkanth is hopeful it will swell to Rs 1 crore this year. Says he,"I have travelled quite a bit all over the world in the last five years playing cricket and have made a lot of friends abroad. My job in our business is to convert the contacts into orders."

That sounds as uncomplicated as his cricket. His own company, AA International, acts as buying agents for foreign importers and for sourcing supplies. And his attitude to business is no different. "I have always believed in being natural while playing cricket. I would like to do the same in business." Another good knock coming up.

SRIKKANTH IS BATTING ON A DIFFERENT WICKET

L&T: THE REAL ISSUE

It seems the impending denouement of the Larsen & Toubro (L&T) affair is slated to keep the corporate sector on tenterhooks this month and the next. And not without reason, too: when titans clash, the ground trembles.

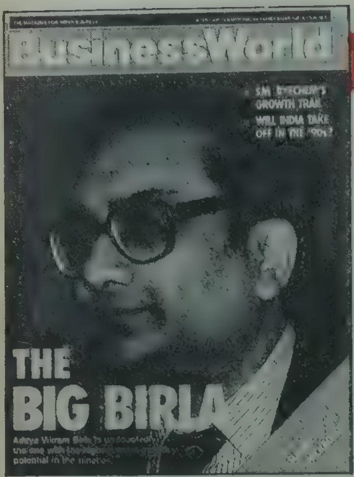
On the outcome of L&T's extraordinary general meeting, if there is one, will be decided issues of momentous gravity. For the first time in the century-old history of India's organised private sector, the die has been cast for an individual businessman to directly confront the state in a battle of brawn. However, it is no David vs. Goliath situation; to equate Dhirubhai Ambani with puny David would be an unfair comparison.

But let us first get the perspectives right. Even his most ardent apologists will concede that Ambani's entry into Larsen & Toubro was not achieved through fair action in the open market. Of his several crowns, therefore, this particular one has been usurped rather than won. Subsequent steps to legitimise control over the company's management can never erase this original sin.

The union government and its handmaidens, the financial institutions, candidly admit that their present actions are aimed at undoing a past error. (Let no one doubt that the act of blatant partisanship on the part of government was indeed a grievous mistake.) So the question of a vendetta does not arise.

The other major issue which naturally comes up for debate is that of corporate democracy. If one ignores the proxy war which is now on, the rival camps are more or less evenly matched, and it would doubtless require the wisdom of a Solomon to pronounce judgment as to which party holds out the more credible promise for better corporate governance. Suffice it to say that one side holds the direct mandate of representing — however imperfectly — the public interest. And the other owns no responsibility beyond the interests of his 'family' of shareholders.

But then this sort of value judgment is both tenuous and subjective, and the fate of any business ideally ought not to hang upon it. The real need of the hour, therefore, is to draw up a corporate takeover code and apply it uniformly to high and humble alike. In short, usurpers should find all avenues sealed.



ENJOYABLE

This refers to the cover story 'The Big Birla'(*BW* 28 February-13 March 1990). I found the story well-presented and timely, as was your earlier cover feature on Cadbury India (*BW* 31 January-13 February 1990). Noticing a great change in the magazine's outlook and presentation, from a casual reader of *BusinessWorld*, I have become a regular subscriber. The *InvestmentWorld* section puts *BW* way ahead of other business magazines, while the style and layouts are comparable with some of the good foreign business magazines today.

Gurudas Aras
Bombay

COULD IMPROVE

This refers to the banking & finance item 'Still a long way off' (*BW* 28 February-13 March). Banking theory maintains that the customer is the most important person on the bank premises and should always be given a patient hearing.

But, in reality, the customer is the most neglected person in banks. Generally, bank employees are unconcerned and apathetic towards savings bank account holders. There is significant scope for improvement in this area, which is possible only if the employees are properly trained.

Surendra Kanstiya
Bombay

NUMBER ONE

This refers to the spectrum item 'The Anglo-French revival'(*BW* 28 February-13 March). The revival is a commendable achievement. P. M. Nair can take legitimate credit for this.

The Anglo-French Textile (AFT) success story has lessons for managers, workers, bureaucrats etc. The faults of the previous management are clearly apparent to all except for a few like the quoted 'senior manager.' Though *BW* has ranked AFT 25th among the country's textile mills, to us employees it is No.1.

E.Narayanan
Pondicherry

OLD IS GOLD?

This refers to the Technology Plus article 'Computer professionals: Can they deliver?' (*BW*-28 February-13 March). Although I agree with the theme of the article, I would like to warn against any 'hand-on-the-heart' predictions about the future course of software.

For instance, when C language arrived on the scene, the demise of Cobol was predicted. Then Pascal was supposed to replace the 'archaic' Basic. Contrary to these expectations, Basic has recently got a new lease of life, while C software projects are in trouble. And Cobol is very much alive and kicking. Again, some time back in the US, a major hardware manufacturer pushed Fortran with its hardware which effectively doomed the then 'futuristic' predecessor of Pascal-Algol!

A.G. Kulkarni
Systems manager,
Doom Dooma India Ltd.
Assam

EVEN ODDS

The recent changes in the Investor Contest rules will definitely check the 'shrewd gamblers' and provide reasonable opportunity to intelligent portfolio planners. But a glance at the list of prize winners shows that the contest still provides a more than fair chance to the Bombay-based participants.

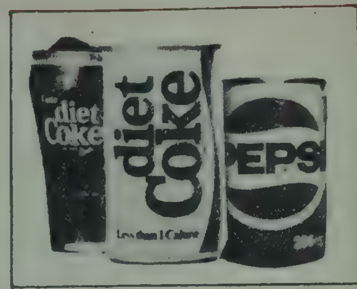
Not only do they have a better general awareness of commercial matters, but they also have easy access to the 'inside info' of the stock exchange. Secondly, after shortlisting the scrips, they can watch their movements for a couple of days before despatching their selections for the contest. To allow even odds to all contestants, it would be advisable to advance the last date of the contest by two days.

Quotations of the other major stock exchanges i.e. Delhi, Calcutta and Madras could also be considered valid.

Anil Kaushik
Chandigarh

BLOW HOT, BLOW COLD

By rejecting the EOU proposals of Coca-Cola and Pepsi, the government has made one blunder — it has tarnished India's image in the world business com-



munity.

Surely, one should give a chance to the domestic industry to prove its worth. Take cars. India maintained a protectionist attitude towards domestic car producers for three decades in which the only changes seen were in the sizes and shapes of headlamps and indicator lights. The government finally had to let Japanese technology enter India.

Though we can produce good quality soft drinks, the entry of multinationals will only enhance the worth of the domestic industry. Rejecting proposals on political motivations will only leave an impression of a fickle-minded government.

Amit Bagaria
Calcutta

(ERRATA— *In the viewpoint item (BW 28 February-13 March), Nemish Shah is quoted as having said,"Like Hoechst, Karnataka Ball Bearings at Rs 8 is a very good buy." It should read, "Unlike Hoechst, Karnataka Ball Bearings at Rs 8 is not a very good buy." The error is regretted.*—Editor)

All letters should be addressed to: Editor, BusinessWorld, 145 Atlanta, 209 Ceremonial Boulevard, Nariman Point, Bombay-400 021.

SCHIZOPHRENIC PLANNING

When there are seven economists, they say, there are eight opinions. The planning commission is learning the truth of this saying — the hard way. Soon after it had packed off the draft approach paper to the eighth plan to the cabinet for approval, out came an interim report from the high-powered economic advisory council (EAC) headed by Sukhamoy Chakravorty which all but openly contradicted the approach paper's thrust on labour-intensive technology to boost employment.

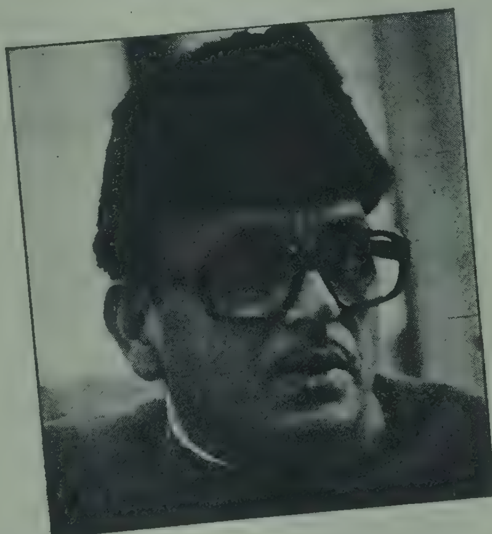
The planners are not amused, especially because only in December last, the EAC had bravely hinted at a change in stance, pushing for mass consumption goods in order to bring in more jobs. The EAC stresses now that a blanket endorsement of labour-intensive technology may not be all that good, even to create more jobs. If the EAC's caution is endorsed by the government, it will mean a bit of good news for big business, since large industries tend to use more capital-intensive technology.

However, if the government's functioning is any pointer, all this might turn out to be academic tinkering and no more. The industries minister, Ajit Singh, has gone ahead and announced that he will come out with an industrial policy before the month is through. Although the eighth plan period has already commenced from 1 April and the annual plans for the states are being worked out with a business-as-usual attitude, there is skepticism about whether the new government will be able to push its grandiose ideas through. With the focus now on things like decentralisation and people's participation, a whole load of administrative dressing-up will be needed to get the new deal on a firm footing.

The Rs 3,50,000-crore question is: where is the money going to come from to keep the plan going? Very clearly, the resources crunch weighs heavily on the mind of the EAC, which wants resources to be more efficiently used, but the belligerent L.C. Jain, a key brain among the planners, says that big projects are a "molestation of money" from the people's point of view. So what if there is efficiency? The irony is that the planners had struck down a move to dismantle the EAC soon after the new government was formed, on the ground that more brains are always welcome. But the game the two brains trusts are playing appears to indicate schizophrenic thinking.

CONFUSING THE MNCs

It turned out to be a bundle of contradictions in the end. Two full days of "brainstorming" left over 200 heads of multinational corporations (MNCs) confused. The two-day national meet on India organised by the Geneva-based World Economics Forum in the capital recently had the Indian government breathing down the necks of MNCs.



V.P. SINGH SAID ONE THING...

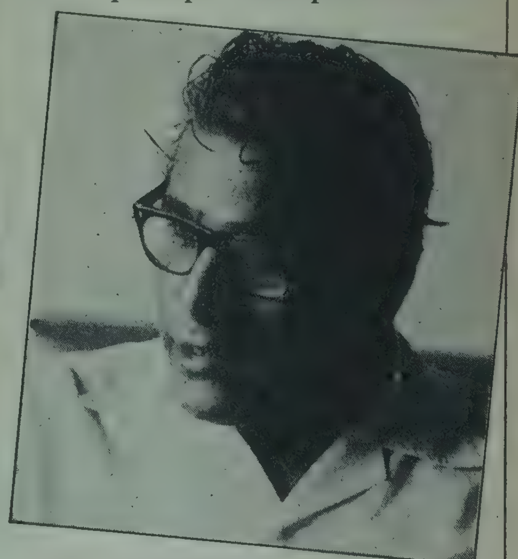
From the prime minister to the finance minister and industry minister, and onwards to the railway minister and a battery of top Indian bureaucrats, all deliberated with the foreign visitors on why India would not let them in. And the more they did so, the greater the confusion they created.

While the prime minister and the finance minister spoke of selectivity and self-reliance, the industry minister promised "a billion dollar dream." And in between the three of them, railway minister George Fernandes stormed in to say that the country could do without "toilet seats" from Sweden."

And by the time it was all over, it turned out that the Janata Dal-led National Front government has not worked out an economic policy so far. Prime minister V.P. Singh announced at the outset:"There will be no open door policy on foreign investment and we are going to remain selective...that is because ours is not a laissez faire economy and the government will continue to regulate."

A day later, his finance minister turned up in his unassuming self. But he drove home the point that the government, while being selective, would still invite alien capital where it's needed the most. The choice would be the government's...the money could well be theirs.

And when the turn came for mighty George to speak, it was all fire and brimstone. No, the party had no comprehensive economic policy so far, he said, but when it would have one, he would make sure that there were no toilet seats from Sweden around. Otherwise, they would all be welcome — all the 200 foreign participants — to set up shop and help the mass of people by providing them jobs. At the end of it came industry minister Ajit Singh. He would announce an industrial policy soon, he promised. And that alone would generate a five-fold increase in foreign capital in the country in just a year's time — from \$200 million now to \$1 billion next year.



...AND FERNANDES ANOTHER

Almost 13 years ago, when George Fernandes was the industry minister in 1977, he too had promised a billion dollar foreign investment dream. Nothing much has been heard of it since.

THAT'S THE QUALITY OF INDIA FOILS' EXPORTS

India Foil's high quality products have proved to be winners in markets all over the world.

Last year our exports increased by 268.3% to Rs 85.8 million. This earned us the Certificate of Export Excellence awarded by the Government of India.

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CHICKENFEED RELIEFS

Industrial growth is stagnating at present. The economic survey presented by finance ministry officials indicates a lower growth rate of just around 5% as against a high of 8% during the preceding year.

Given this scenario, it is difficult to understand the government's rationale in withdrawing the investment allowance scheme. In fact, under the guise of rationalisation, some of the most significant tax benefits given to industry have been sought to be withdrawn through the Union budget proposals.

The lowering of the corporate tax rate to 40% and the tax for registered firms by 7% on various slabs does not actually reduce the tax burden. The very fact that the government has taken credit for Rs 800 crores of additional revenue from the corporate sector shows that the amendments are not a mere exercise in streamlining, but have been a source for additional revenue raising.

The following are some of the vital benefits enjoyed by industry which are proposed to be withdrawn:

■ Under the existing provisions of s.32-A of the Income Tax Act, an amount equal to 20% of the cost of plant and machinery installed or put to use is allowed as deduction in computing the profits and gains from business or profession. This deduction is also available in respect of a new ship or aircraft acquired or put to use. The abolition of s.32-A is being done through the issue of a notification.

■ Under the existing provisions of s.32-AB, a deduction is available on the deposit of an amount with the Industrial Development Bank of India or the utilisation of any amount for the purchase of any new ship, aircraft, machinery or plant. The deduction is available to the extent of 20% of the profits of the business. Under the proposed amendment, no deduction will be allowed under this section in relation to the assessment year commencing on 1 April 1991, or any subsequent assessment year.

■ Under the provisions of s.33-A, an assessee carrying on the business of growing and manufacturing tea in India is entitled to development allowance. This is a deduction in the computation of profits of 50% of the cost of planting tea bushes. This deduction is available for planting tea bushes on land which had been previously abandoned or which is newly brought under plantation. Under the proposed amendment, a deduction will be allowed only if the planting of tea bushes has been completed before 1 April 1990.

■ Under the existing provisions of s.80-HH, all categories of assessees are entitled to a deduction equal to 20% of the profits derived by them from new industrial undertakings (other than those engaged in mining) and approved hotels set up after 31 December 1970 in notified backward areas.Under the changes proposed in the Union budget, the deduction will not be allowed if the industrial undertaking begins manufacture or the approved hotel starts functioning after 31 March 1990.

■ S.80-HHA currently entitles, all categories of assessees to a deduction equal to 20% of the profits derived from new small-scale industrial undertakings (other than those engaged in mining) set up in any rural area. The finance minister has now proposed that the deduction will not be allowed if the small-scale industrial undertaking begins manufacture after 31 March 1990.

The only relief sought to be given to industry is the withdrawal of s.115-J, which at present taxes 30% of book profits of those companies which would not otherwise be liable to tax in view of depreciation and investment allowances (both current and carried-forward from earlier years). The deletion of this section with effect from the assessment year 1991-92 will help only those companies which have a substantial backlog of such carried forward amounts.

Under the alibi of streamlining, some of the most significant tax benefits given to industry have been sought to be withdrawn by the government

Under the existing provisions of s.80-I, a deduction is allowed in respect of profits and gains from an industrial undertaking which begins the manufacture of items not listed in the Eleventh Schedule or operates a cold storage after 31 March 1981. A similar deduction is also allowed in respect of the profits and gains derived from a ship brought into use or the business of a hotel which starts functioning after 31 March 1981. The rate of deduction allowed is 25% in the case of a company and 20% in other cases.

The existing provisions of s.80-I are operative only upto 31 March 1990. It is now proposed to extend this tax concession for a further period of five years. The rate of deduction has also been enhanced to 30% for a company and 25% in other cases.

Under the existing provisions of s.80-M, a domestic company is allowed the deduction of an amount equal to 60% of the dividend received from another domestic company. There is no statutory obligation on the recipient domestic company to declare dividends out of the dividend received.

To sum up, the withdrawal of investment allowance and the reliefs under s.80-HH and s.80-HHA for new industrial undertakings are retrograde steps. In fact, investment allowance was restored only three years ago after a careful consideration of the need to have this provision. By contrast, the reliefs given to industry are chickenfeed.

■ *H.P. Ranina*
The author is a Bombay-based advocate.

Top Of The League Again In Issue Management

66.79% in 1989-90
of funds mobilised*

SBI
Capital
Markets
Limited

60.25% in 1988-89
of funds mobilised*

SBI
Capital
Markets
Limited

60.44% in 1987-88
of funds mobilised*

SBI
Capital
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STANCHART CHARTS A NEW COURSE

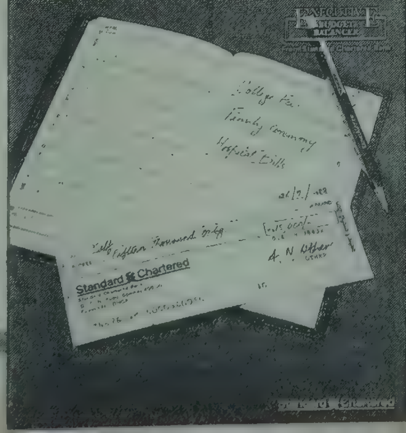
Staid, stodgy Standard Chartered Bank (Stanchart) is coming out of its stupor. And spurring itself into action. At a time when Indian banking is becoming increasingly competitive by the day and bankers are having to live by their wits, it perhaps makes sense. And though Stanchart saw the writing on the wall a trifle late, it's now getting in for a piece of the action.

The first step's more symbolic than anything else. After more than 130 years of having expatriates to head its Indian operations, Stanchart has broken the monotony of tradition by appointing the first Indian chief executive officer. Veteran Stancharter P.S. Nat, the new CEO, has had a three-decade stint with the bank. And now under his stewardship, Stanchart wants to go places.

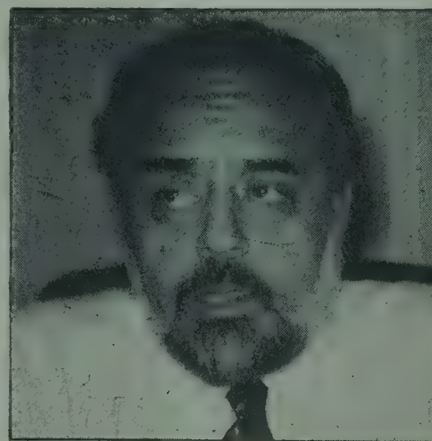
First on the anvil is a blueprint for restructuring the British bank's Indian operations. The focus: to carve up clearly defined divisions for specialised functions — personal banking, treasury & investment, corporate banking and merchant banking, each of which will be headed by an executive director.

Major bottleneck. That perhaps was inevitable. For the major bottleneck for Stanchart has been a singular lack of decision-making powers. Like in all top-heavy organisations, Stanchart's problem was its slow response to marketplace changes because most decisions had to be referred back to the all-powerful Bombay administrative office for an okay. And that prolonged the response time.

Nat, on his part, admits the problem but adds that things won't be the same. Says he:"We'll now be delegating responsibilities and showering decision-making powers on our people. That should improve response time."



But sluggish response to swift changes in the marketplace has already taken its toll on Stanchart. While feisty foreign banks have been quick in spotting the potential in consumer banking, Stanchart's been a latecomer. It's no surprise therefore that while its peers like Citibank, Hongkong Bank and others have stolen the limelight with sleek packaged products like Citimobile, Unfixed Deposits, Freedom Finance, Big Buy etc., Stanchart's been slow on the uptake. And that despite having as many as 24 branches in the country; a presence not many foreign banks can boast of.



NAT BRINGS IN CHANGE

True the bank does have several schemes but they are basically also-rans. But though a latecomer, Nat claims that some of his bank's schemes, like the executive budget balancer (an overdraft facility for current account holders) and Fast (finance against securities in time) have been doing well.

Nat, however, has also set his sights on bigger things. Says he: "We've carried out market research on corporate banking and personal banking markets, and the feedback will be utilised to identify niche markets and evolve products to attack them." But, though he's still fighting shy of spelling out details of the schemes in the offing, indications are that consumer durables' financing and credit cards may be on Stanchart's new menu.

Stress on training. All this will take some time to come and already other banks like Citi and Hongkong are several laps ahead. "But we'll make up," says Nat confidently. "Our biggest strength is the high calibre of younger officers." Perhaps here the bank's stress on training reaps dividends. Stanchart has training centres at each of the four metros with headquarters at Santacruz, a Bombay suburb. "Every employee has to go through training — from a peon, telephone operator and clerk to an officer. The idea is to make them market-oriented and win customers and retain them," says Nat.

Winning and retaining customers may be fine but what about retaining the staff? Stanchart has lost several senior staffers who've moved to other foreign banks. Nat is defensive on this issue. Counters he:"Bankers are highly mobile and India is a vast reservoir of young talent."

Losing officers to other banks may be a problem Nat has to put up with. But there are other fronts where he's been able to work out solutions. Take priority sector lending. Meeting the Reserve Bank's stipulation of such lending has always been worrisome for foreign banks and Stanchart's been no exception. Hardpressed in its efforts to achieve priority sector lending norms, the bank has evolved a simple solution. The idea? Latch on to some nationalised bank and do a swap. The nationalised bank will pass on some small-scale accounts, while Stanchart will reciprocate by arranging credit lines overseas and sharing corporate accounts. Says Nat, "The strategy's still being worked out."

But behind Stanchart's new design for India is a basic change in the bank's attitude towards the country. Till date Stanchart hasn't gone into top gear here. And Nat admits that investments have been low in India. But all that's going to change. Says Nat: "The London group is taking India seriously. It's fully alive to the fact that India's a good place." Does that mean Stanchart will now shake off its sloth at last?

■ *Roy Pinto*

FLASHPOINT AT SYNDICATE BANK

SHENOY (L) & VERMA: EYEBALL TO EYEBALL

Officers and management at Syndicate Bank, the Manipal (Karnataka)-headquartered nationalised bank, are standing eyeball to eyeball. While the management has suspended seven employees and chargesheeted another 60, the Syndicate Bank Officers' Association (SBOA) has launched an agitation that — in early April — threatened to disrupt work at the bank's branches.

Says Ramesh Verma, deputy general manager, Syndicate Bank: "The union was going too far; so we said enough is enough; and we took some action." Retaliates H.R. Shenoy, SBOA's general secretary: "For two years now we have cooperated with the management when they said that the bank was in a squeeze; but now, when we laid down our demands this year, the management refused to cooperate."

The trouble actually started after 20 February, when the management and the SBOA got together for their regular "joint meetings" to discuss the union's demands. At this meeting, most of the union's proposals were fended off by the management. Says Verma: "The demands were all of a small nature but they would have had financial implications. We wanted to have a clear picture of our balance-sheet for the year to March 1990. And this we could have managed by May or so, as we promised the union."

Playing for time. The union was unwilling to wait. Says Shenoy: "The management already had (an idea about) the performance of the bank for 11 months and told us at the negotiation table that the bank was in a bad way. What difference would one month make? Actually, it was just bidding for time in the hope that things would drag on."

Among the SBOA's demands: declaration of the vacancies of 1988 and 1989 immediately and promotions made as per the promotion policy (the management announced some vacancies in April), enhancement of house rent allowance, payment of dearness/travelling allowance when officers have to go outstation to answer queries from the vigilance department, and categorisation of bank branches as per the Reserve Bank's guidelines. "But the management took a stubborn anti-officers stand, so we too had no alternative," says Shenoy.

On 22 February, the 9,000-strong SBOA sent a circular stating that negotiations had failed and decided to launch an agitation from 2 March. This included demonstrations and non-cooperation.

The management was not amused. According to Verma, things took an ugly turn on 30 March when about 150 officers marched to the bank's clearing office in Bombay and blockaded it. Finally, Verma personally went and picked up cheques worth about Rs 35 crores and deposited them with the RBI late at night. Irked, the bank's board met the next day (31 March) and decided to do something.

On 3 April, two officers of the bank, K.S. Shetty and P.K. Bhatt, who also hold posts in the SBOA as secretary and joint secretary respectively, received suspension orders.

Then on 5 and 6 March, work at the bank came to a virtual standstill following a lightning strike call by the SBOA. The management retaliated by suspending five officers and chargesheeting another 60.

At the time of going to press (on 12 April), cheque clearing operation looked likely to resume, but the battle isn't over. Whichever way it ends, the ultimate victim is going to be the customer, who in fact should be king.

■ *Anil Wanvari*

NEWS BRIEFS

- The **Hongkong Bank** has tied up with **HDFC** (Housing Development Finance Corporation) to provide a package of services to non-resident Indians to build houses in India. This will help Hongkong Bank in achieving higher foreign currency non-resident (FCNR) deposits.

- **City Union Bank**, Madras, has tied up with the Shriram group to enter into hire-purchase finance business in the road transport sector. The venture will be known as Shriram City Union Finance.

- Four banks are getting into **factoring** services which will immensely help small scale suppliers and big companies. Three banks are the SBI (which will undertake activities in the western region), Canara Bank (south) and Punjab National Bank (north). The fourth bank which will service the eastern region is as yet unidentified.

- In a bid to exceed the previous year's sanctions for loans, **IDBI** has cleared Rs 600 crores worth of loans during the fag end of March. These include four Tata projects — among them Tata Timken, ACC and Tisco.

- No more banks will be **nationalised** or **denationalised** according to Ramakrishna Hegde, deputy chairman of the planning commission.

- The **overseas branches** of all nationalised banks other than those of SBI will be merged into one corporation in order to face competition when a unified Europe will come into existence by 1992.

- According to the SBI, the **deposit growth** of scheduled commercial banks went down from 19.2% in 1988 to 14.3% in 1989.

- In an effort to promote trading between Belgium and India, the Belgium government proposes to establish a **line of credit** of Rs 50 crores for Indo-Belgian joint ventures.

MANAGING MANAGERS

There was a time when everybody believed that managing managers was no problem. Some said managers were part of the management and, as such, there was no question of managing them. Others said managers were employees and managing managers was the same thing as managing other employees. But this is no longer true. Managing managers has become a special problem. Today managements often get into trouble not because they have problems with the workers, but because they have problems with the managers.

This is a new problem. About 40 years ago it was not there because of the industrial caste system. In those days, in every industry there was a caste system starting with the *Brahmin* class which comprised the top management — essentially the foreigners or the family members both representing the owners. Then there were the *Kshatriyas*, the junior and the middle level management staff which came from the upper middle castes in the community. Third were the *Vaishyas* — the clerical babus who came from the lower middle class. Then came the *Shudras* who were the workers coming from the lower classes. Last were the *Ati-Shudras*, the unemployed amongst the lower class at whom the *Shudras* would look down upon.

Managing managers is no longer a piece of cake and it is time companies realise that

In these 40 years, there has been a revolutionary change. The caste system in industry is no longer as pervasive as before. This has created the problem of managing managers.

The problem can be looked upon in three specific areas: first, emoluments. The kind of gap that existed between the salaries of the managers, the clerks and the workers has been narrowing very sharply. Many managers feel that this is somewhat unfair to them. Secondly, the managers find themselves as buffers between the top management, which keeps on pushing for results, and the organised union workers who refuse to accept the pressure and counter with various demands. Thirdly, they see themselves as decision implementers rather than decision makers and this is the factor that makes them feel that they are not really managers but clerks with a glorified title.

APATHY TO UNIONISATION

In this type of situation, the managers seem to move first to apathy and alienation and ultimately to unionisation. Both these are disfunctional for the management. The managers, instead of being a part of the management, start confronting the management in the same way the workers do. This creates problems in getting results. After all, the basic difference between workers and managers is that the managers are responsible for getting results. If they give up that responsibility, the organisation is bound to suffer in effectiveness.

The question is: what can the management do in this situation? There are essentially three steps that could be taken.

The first step is to take care of emoluments. There are obviously constraints in revising emoluments. But wherever distortions are obvious, something can be done to remove them. One of the obvious causes of distortion is dearness allowance (DA). Where the managers do not get DA and the workers and clerks do, the distortion becomes pronounced. A person promoted to the management cadre gets lower emoluments than his assistants! Here the management can take steps by seeing to it that a DA formula is made applicable to non-managers as well as managers. Another way the management can take care of the problem is through perquisites, amenities and schemes like housing loans, retirement benefits, etc.

The second step the management can take is to create a participation process in decision-making. There has been a lot of talk about workers' participation in management. But today's situation is such that, in many cases, the managers do not seem to participate in management. That situation can be taken care of if the management creates a forum in which the managers contribute to the decision-making process.

TRANSFER VALUES

The third step the management can take is to see that the people have a choice of finding their own avenues when the organisation is not able to promote them to the levels they desire. In this step an exit option is created by giving transfer value to the manager. Every manager has two values when he is working, first is his contribution value — i.e. what he contributes to the organisation by doing his job. He has also another value which is the transfer value — i.e. the emoluments and position he can command if he decides to step into the market. This second value is important not only for the manager but also for the organisation, because it enables the manager to go out and find his market instead of blaming the organisation or joining a union to get promotions.

This is particularly important for those organisations which are not growing rapidly, because they can never fulfil the aspirations of all their managers. Then they create ridiculous situations where mass promotions are made with only little changes, the job content remaining the same. This gives some satisfaction for a few days but then the frustration increases. If this kind of situation has to be avoided, the management must create situations where the managers have the option of exit. With this choice, they do not require the voice they get by joining a union.

Managerial styles. The next important thing in managing managers is to identify managerial styles. There are four functional styles and four disfunctional styles. Every manager should try to see whether he can get his subordinate managers to move into the more functional styles whenever they are trapped in disfunctional styles. These styles have been developed on a three dimensional model and the parameters are concern for task, concern for relationship, and concern for effectiveness.

The different types of managers that emerge from this model are:

Complementary styles will help create effective management teams

■ **Deserter:** Whenever the concern for task, concern for relationship and concern for effectiveness are all very low, the manager becomes a deserter. Such a manager is always apathetic and disinterested. His theme song for everything is "This won't work," and "Nothing works in this organisation."

■ **Missionary:** The second disfunctional style is missionary. Here the manager is interested in trying to get personal popularity without looking at the task or the long-term effectiveness. His relationship concern creates problems because he is unable to take unpleasant decisions.

■ **Autocrat:** The third style is the autocrat who is interested in just getting work done and does not bother about relationships or long-term effectiveness. His immediate reaction is to look at the task he is performing and not bother about how this will have an impact on the relationships in the organisation.

■ **Compromiser:** The fourth disfunctional style is the compromiser who uses compromise to get work done — a compromise between task and relationship — without looking at the long-term implications. Many problems of the personnel department are caused by these compromisers who keep on cutting corners and compromising with discipline in order to get things done.

■ **Bureaucrat:** As against these four disfunctional styles, we can have four functional styles which have long-term effectiveness. Wherever the person has low concern for task, low concern for relationship, but a high concern for effectiveness, he is a bureaucrat. Although he is not greatly bothered about the immediate task and relationship, he is able to establish and act according to a system. For several organisational purposes this kind of person can be very useful.

■ **Developer:** The next type is the developer. He is interested in relationship and long-term effectiveness rather than short-term task. For departments like R&D or training, this kind of person is very important. He can develop people to take up more responsibilities although they may make mistakes in short-term tasks.

■ **Benevolent Autocrat:** The third functional type is the benevolent autocrat who has low concern for relationship, but high concern for task and long-term effectiveness. In fact this is the most popular style in India and perhaps the most effective in the Indian situation. Such a boss is seen as a hard taskmaster. But if one works for him, in the long run, there are benefits.

■ **Executive:** The last type is the problem solving executive who looks at the task, relationship as well as long-term effectiveness. When the production manager comes to him complaining about equipment and trying to replace machines, he knows that the complaint is not only about the task performed by the machines but probably also about the relationship with the maintenance manager. He looks at both the aspects. In fact, most of the management problems have both dimensions — task and relationship. Unless the solution takes care of both the aspects, it will not be effective in the long run. A person who realises this and approaches the problem with this frame of mind is the executive.

It is necessary that every manager should look at himself and his subordinate managers and identify three things. First is the dominant style. A person can be a mixture of two or more styles and he must identify which style he uses predominantly in carrying out his management job. Secondly, he must find out his style synthesis i.e. how does he appear to others in totality. Two or more styles in action appear to the subordinates, colleagues and even the boss as a single style and this is the style synthesis he can look at. The third important thing is to find out the style allergy. People can have an allergy to a particular style of management and, if such a person is his subordinate, boss or a close colleague, he will have a lot of problems in carrying out his job. Identifying these three things helps in trying to create teams out of managers and to see that the teams will have people who have complementary styles.

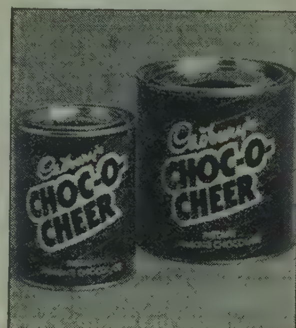
In conclusion, it is apparent that managing managers is no longer a piece of cake. Managers need not necessarily be capable of managing themselves and it will be a plus for any organisation which realises that early enough.

■ *Sharu Rangnekar*
The author is a former managing director of Searle (India) Ltd.

A CHEERLESS EXPERIENCE

What happens when you brand a generic product and launch it without adequate promotional support? Ask Cadbury India. Today after three years of having launched Choc-o-cheer, Cadbury has come the full circle — Choco-o-cheer has been withdrawn and Cadbury's Drinking Chocolate is back. Although this case is not comparable to the by-now-marketing-classic Old Coke-New Coke campaign wherein Coke was forced to reintroduce the old flavour by consumers, it offers interesting lessons for marketing men.

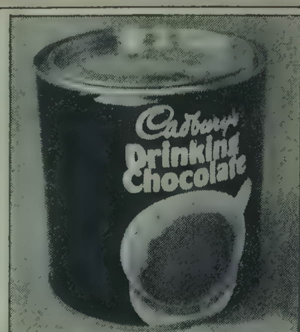
When Cadbury (at that time Hindustan Cocoa Products Ltd.) carried out consumer research on its Drinking Chocolate in 1986, a few facts emerged.



- Of the total Drinking Chocolate consumers, about 20% were institutional, meaning hotels, restaurants, caterers, confectioners and so on. The remaining 80% were households of which again 20% of the consumers used Drinking Chocolate for recipe making. A major portion (64%) used it as a milk additive.
- The product sold primarily due to two reasons: one, the mental association of Cadbury's name with chocolates and, two, Drinking Chocolate's sheer availability in the market.
- Competition was weak and was not a major threat. The two competitors, Sathe's and Dr. Writers', did not pose serious competition in any segment.

With this issue of *BusinessWorld*, we start taking a closer look at product successes and failures and the factors that decided their fate. Such articles will be carried every alternate issue

The fact that the product had remained virtually unchanged and that it sold without much promotional effort led Cadbury into believing that by changing the pack design and by branding and promoting the product Drinking Chocolate sales would zoom. What Cadbury did next was give the product a new identity, instantise it (Drinking Chocolate does not dissolve properly in cold milk — the new brand did) and name it Choc-o-cheer.



LIFESTYLE DRINK

Choc-o-cheer was billed as a lifestyle drink. It was promoted with two short campaigns in 1987 and 1988. The ads on the national network emphasised the "fun" lifestyle of Choc-o-cheer drinkers. The target audience was late teens to mid-thirties. This was also supported with magazine ads. The pack design was changed to a contemporary purple striped one (from the earlier plain red) and this design and colour was used in all advertisements.

Sales of Choc-o-cheer, however, stayed put at prelaunch levels. The company soon found out that supporting the brand was proving to be more expensive than it had earlier imagined. Moreover, the expected upturn in sales did not materialise. Says Cadbury's general manager (marketing) Vinita Bali: "The costs of creating a brand today are phenomenal. A 10-second spot on the national network during a popular serial can cost as much as Rs 1 lakh." In 1989, Cadbury discontinued the campaign and reintroduced Drinking Chocolate early this year.

Why did a logically laid out strategy fail to generate response? What really went wrong? The answer lies in Cadbury's product portfolio. Drinking Chocolate is, in marketing parlance, a "marginal" product for Cadbury. It is not a major contributor to revenues as compared to heavyweights like Bournvita, Five Star, Eclairs and Dairy Milk and assorted chocolates. Being a marginal product, it remained in the portfolio mainly for the reason that it was able to generate revenue without substantial financial support from the company. Branding a basically generic product requires a lot of financial muscle and a well thought-out strategy. Although the strategy might have worked, the marginal status of the product was instrumental in Choc-o-cheer's not cornering adequate resource commitment within Cadbury.

Further, most milk additive beverages are today sold from a "health" platform and are billed as being beneficial to the consumer's health in numerous ways. Choc-o-cheer, however, had no such premise. Confirms Ashish Mitra, former executive director of Ogilvy & Mather: "Choc-o-cheer only appealed to the palate of the drinker." As the brand operated from a totally new premise of that of a taste difference and palatability, what was needed was the creation of a new platform for the brand to survive on. It appears to have competed with "health" beverages on one hand and traditional "lifestyle" beverages like tea, coffee or even cola on the other and lost out on both counts. Also, the brand did not capitalise on its trump-card — the Cadbury name. Doing this may have meant compromising on the brand identity but again, in absence of substantial resource commitment, this became another factor in the brand's downfall.

Choc-o-cheer has been an experience that Cadbury is not likely to forget in a hurry. The company is now thinking of promoting its Drinking Chocolate with modified and attractive-to-the-housewife packaging and specific promotional campaigns targeted at the consumer. But there will, obviously, be no repeat of the cheerless experience.

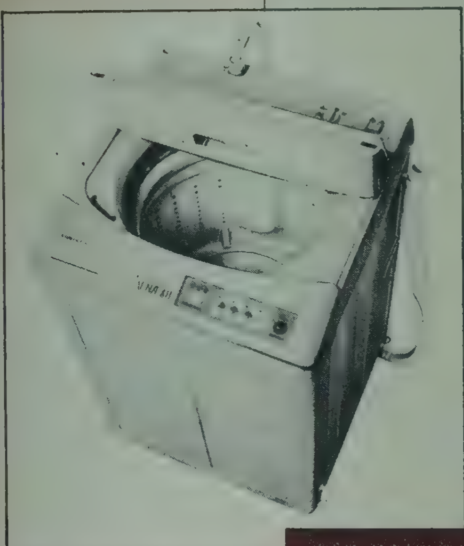
■ *Mehool Parekh*

The author is a partner in a Bombay-based management consultancy firm.

CLEANING UP THE MARKET

The television set was the boom product for the greater part of the eighties. The way people are making a beeline for the shops, the washing machine seems to be the product of the nineties.

The washing machine market today is worth about Rs 100 crores or about 2.2 lakh units per annum. The bulk of this market is controlled by Videocon with a 60% market-share. This market is thus a case of Snow White and the seven dwarfs, the dwarfs being Maharajah, Trak (Batliboi), Sumeet, Crompton Greaves, Bajaj, Voltas and Wash-O-Tex. All set to enter this market and challenge Videocon are Onida, BPL, TVS Whirlpool and Solidaire. The sum total of all this investment would suggest that the business is a potential goldmine. Is that really so?



Strictly speaking, the washing machine market in the country is in a nascent stage. Videocon can proudly claim to be the company to have introduced the concept of washing machines. Videocon, however, was not the first in the market but it had the correct approach. In the launch phase, the company held demonstrations in various cities for well over six months, trying to convince dealers and customers about the benefits of the machines. Today, all that investment seems to be paying off. Videocon machines are sold (via 1000 dealers) even before the dealer has bought them from the company.

THE RANGE

Type	Price (Rs)	Sales (%)	Major brands
Fully Automatic	11,000+	10	Videocon
Twin Tub	6,500-7,500	70	Videocon, Wash-O-Tex, Maharajah
Single Tub	3,500 & below	20	Wash-O-Tex, Citizen, Bajaj, Voltas

The new entrants into the market can be classified as TV manufacturers and others. The TV manufacturers who are lining up to produce washing machines include Onida (which will be in the market in a few weeks), BPL and Solidaire. For these companies, there is definitely a synergy in terms of the dealer network. They have an established network as well as brand image.

For the non-TV companies, the going will be very tough. Companies like TVS Whirlpool will have to establish a strong dealer network across the country. Maharajah had a similar problem. Maharajah was originally in the mixie market and its big outlets were mainly stainless steel article dealers. Moving into the 'durable' outlets has been a significant achievement for the company. But as more and more companies enter the fray, TV companies that are well entrenched in the consumer durable market may put pressure on the dealers to ensure that their washing machines are pushed more vigorously.

IMPORTANT FACTORS FOR SELECTION

1. Brand image
2. Word of mouth
3. Dealer role

In terms of the product, there seems to be two set standards—the Japanese and the European. All Japanese collaborations are lightweight (about 40% lighter than the European models), top loading and have no temperature control.

European models are all front loading and have temperature controls. Some European models have caster wheels but Indian housewives don't perceive this as a big advantage. Few people move their washing machine around and they are afraid that children will push around a machine with wheels!

In terms of product choice, washing machines are currently placed fourth in the metros after two-wheelers, TVs and refrigerators. In the rest of the country it would be placed sixth or seventh.

Videocon, the market leader, is in a peculiar situation. The company entered the TV market late but pushed its way around to the leadership slot in colour TVs (current market share 22%). In the washing machines market, every month seems to be bringing fresh tidings and Videocon has not been able to judge the true potential of this market. To hazard a rough guess, Videocon saturated the Bombay market in March with 4,000 machines and all of them were sold. The others in the industry pooh-pooh this figure but clearly Videocon is on a juggernaut ride. Videocon is stepping up its supply every month only to recharge again. In the washing machine market Videocon will have to play defender — something the company is not used to. Will Videocon do that and clean up the market?

■ *D. Shivakumar*

The washing machine market has many players. The big boy, however, is Videocon

DOG DAYS FOR CLARION

Dog days are ahead for Clarion, it seems. At a time when yet another chief executive is being suddenly changed (see Clarion Capers, in *BW*, April 11-24,1990) and managerial morale is low, ITC has dropped a bombshell. This prime client with a decades-old loyalty to Clarion has finally decided that enough is enough: two prime brands have been shifted from Clarion to rival agencies.

ITC's tobacco division chairman Nari Narayan confirms that with immediate effect Lintas will handle the 'Classic' cigarettes account while HTA will do the honors for 'India Kings'. At one fell swoop, Clarion thus loses well over Rs 50 lakhs worth of business per annum.

But there's still the proverbial silver lining. Apparently, ITC hasn't lost faith in Clarion altogether. "The 'Gold Flake Kings' account remains with them," points out Narayan.

This may well be so. But the fact still remains that in terms of hurting Clarion's already battered prestige, ITC's act is like a wham on the solar plexus.

Retrieving it will obviously be new CEO Ashish Mitra's top priority. And he is taking no chance. On his very first day in his new job (9 April) Mitra made it a point to personally call on the managing director of Bata India, one of Clarion's few surviving heavyweight clients.

EASTWARD HO!

With industrialists of various shapes and hues making a beeline to Calcutta to hobnob with the now Centre-friendly Marxists, it is hardly surprising that ad agencies are following in tow. Already agencies like Karishma, Mudra and Trikaya have set up shop in the city. And reliable reports say at least two more major agencies — Frank Simoes and Everest — are planning to open offices in Calcutta.

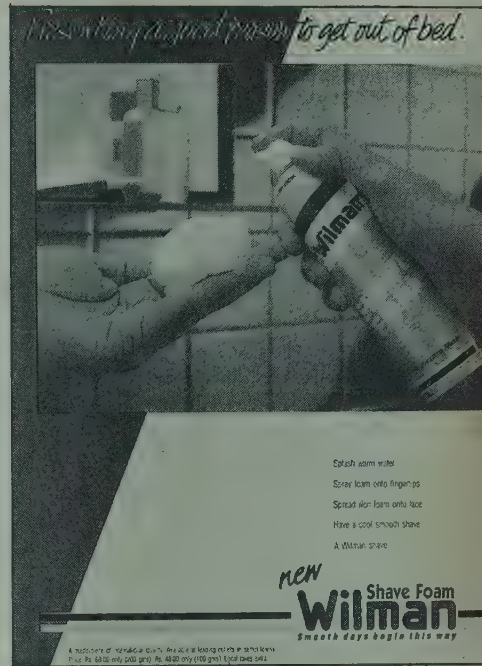
The interesting bit is neither of the two have very many clients there — yet. Obviously, it's a question of scenting opportunities for the future. So watch out for the inevitable jostling and elbowing that's bound to follow.

A SECOND TRY

Three years back they had tried it and failed. But that doesn't seem to have daunted Bangalore-based shaving products manufacturer Wiltech. And it's gone in for a relaunch of its shave foam. Launched under the Wilman label, Wiltech's musk-scented foam is pricey. At Rs 48 for a 100 gm aerosol can (and Rs 68 for 200 gm), the foam's aimed at urban consumers with incomes of Rs 4,000-plus per month. The objective is apparently to wean away consumers from smuggled foreign brands.

But foam's not the only new Wiltech product in the market. A new upmarket shaving cream has also made an appearance. Priced on a par with the premium Old Spice shaving cream, the Wilman cream comes in two fragrances — musk and lime. Incidentally, both the foam and the cream are relaunches. Both were launched three years back under the Wiltech brandname but fared badly — presumably because excise imposts had heavily jacked up retail prices.

Why should Wiltech fare better in its second try. The company thinks things have changed in the marketplace and consumerism is here to stay. As for the change in brandnames, it's perhaps just canny



marketing sense. For Wiltech's cashing in on the success of its Wilman-II twin shaving systems.

Foams and creams, though, are just starters for the company: Up its sleeve are plans to launch beard trimmers, shaving brushes and a range of products for grooming the Indian male. All under the Wilman tag. And the company is backing it up with a high profile multinational lifestyle oriented ad campaign. Will Wilman be second time lucky?

ACCOUNT SKIRMISH

Recall the battle brewing between Lucas TVS and the Bangalore-based Mico (see *BW*, December 6-19, 1989 p.26). Lucas is all set to manufacture diesel fuel injection systems, till now the sole domain of Mico. And Mico, on the other hand, has already encroached into Lucas' traditional area of auto electricals, where Lucas has a staggering 50% market share.

With the stage set for a skirmish between the two in each other's playfields, there's been a fallout on the advertising front as well. Lucas TVS' account was being handled by Ogilvy & Mather (O&M), Madras, but when O&M Bangalore bagged big spender Mico's account, the Madras office had to call it quits with competitor Lucas. And while a senior manager at O&M claims that the developments are not necessarily linked, Lucas is on the hunt for a new agency.

A prudent safeguard, when going abroad. Comes in handy in case of any sudden illness contracted whilst on a visit abroad. Pays for your emergency medical expenses in foreign exchange —but you pay the premium in rupees. Cover available for entire family.

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Overseas Medical. From Oriental.

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THE CHIPS ARE DOWN

It promises to be a dress rehearsal of the Thums Up-Pepsi war, though on a smaller scale. Even as Pepsi Foods is making unexpectedly limited waves with its Chee-tos launch, Jagatjit Industries Ltd. (JIL) has succeeded in taking the wind out of its sales with an advertising splurge on its six-month-old Binnie's. The snackfoods market, which proved a burial ground for big boys such as Indian Organic, has risen from the grave.

The action is not merely in the marketplace — the traditional battle for shelf space and consumer awareness. In the Parle-Pepsi mode it has taken on dimensions which, in marketing parlance, are known as guerilla tactics. Consider:

- PepsiCo Inc. of New York has through its attorneys served a notice to JIL for alleged misuse of "the Astec design of Frito-Lay Inc. (a PepsiCo subsidiary)."
- Questions have been raised in parliament about Pepsi Foods' project costs. The point being sought to be made: the Pepsi snackfoods unit costs all of Rs 28 crores while JIL has had to make an investment of only Rs 4.93 crores.
- An All-India Potato Manufacturers' Association (does that remind one of the All-India Soft Drink Manufacturers' Association?) with JIL as an active member has suddenly surfaced.

Fringe players. It promises, thus, to be a no-holds-barred war in a market estimated at 120 tonnes per month in the organised sector. In the process, the other players in the game — Uncle Chipps from Amrit Banaspati and Gold 'N' Krisp from Premnath Monga Foods & Beverages — have been reduced to crumbs on the fringes.

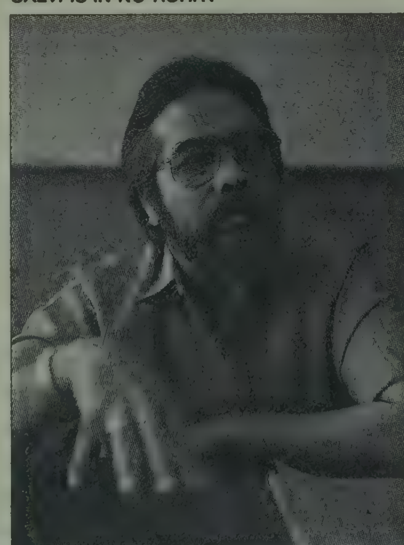
Understandably, there are claims and counter-claims, most of them on the tall tale side. Pepsi says it has a 30-50% marketshare in north India and, in Delhi, it occupies top spot with JIL with a 30% share each. JIL, however, claims that in the north it has as much as 50% of the market with Uncle Chipps following with 30% and Pepsi a poor 15%. That may explain why JIL is so upbeat. "I can take on any multinational and put them on the mat," says JIL vice-president S. Bhakat.

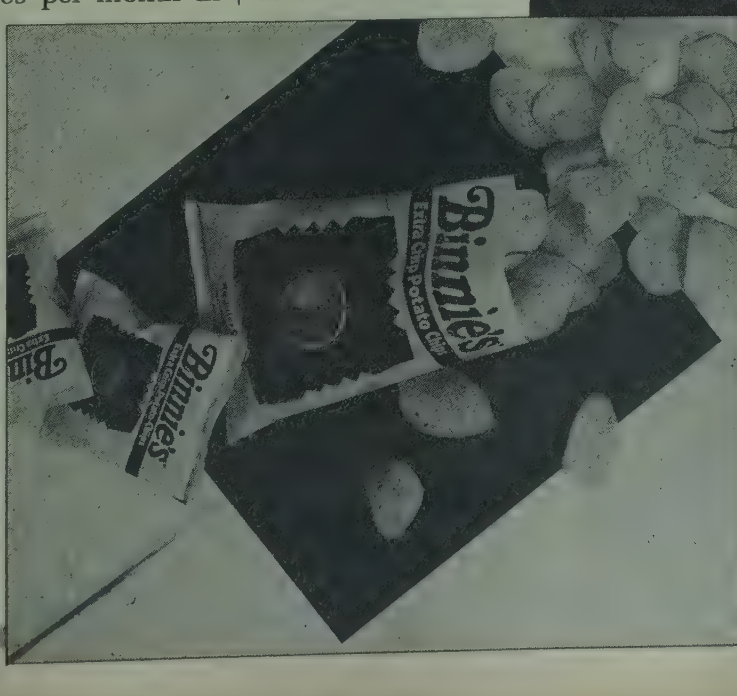
When JIL launched Binnie's potato chips it had the advantage of entering at the right time. Uncle Chipps and Gold 'N' Crisp were lying low after the normal launch hype a couple of years ago. JIL seemed to have clearly stolen a march over Pepsi by targetting at exactly the same segment Pepsi had intended to: the younger generation. And it tried another gambit: a special emphasis on the "ethnic and national" factor. Says Bhakat: "We go by what the people of India want." Clearly multinational bashing was on.

The company has not been stingy on advertising also. Sources estimate that JIL will be spending Rs 1.5 crores in the first year; Pepsi, of course, is going one better with Rs 4 crores.

Besides, JIL has introduced as many as six flavours and more are on the anvil. "Our USP is clearly the wide variety and the current range is to be further expanded," says Bhakat.

SALVI IS IN NO HURRY





By contrast, Pepsi is going slow on this front. "We will not rush into different products," says Ranjeet Salvi, Pepsi Foods vice-president (marketing & sales).

Stress area. Pepsi is also stressing on another aspect: the fact that its products are 'fresh.' Says Salvi, "We have been the first to introduce such a concept in the country." The major ingredient of this innovative concept is to give the retailer only a limited supply of stocks. Thus stocks are replenished every three days for the large retailer and every seven days for the smaller ones. Currently, this system extends over 26 towns in north India and more are to be added soon.

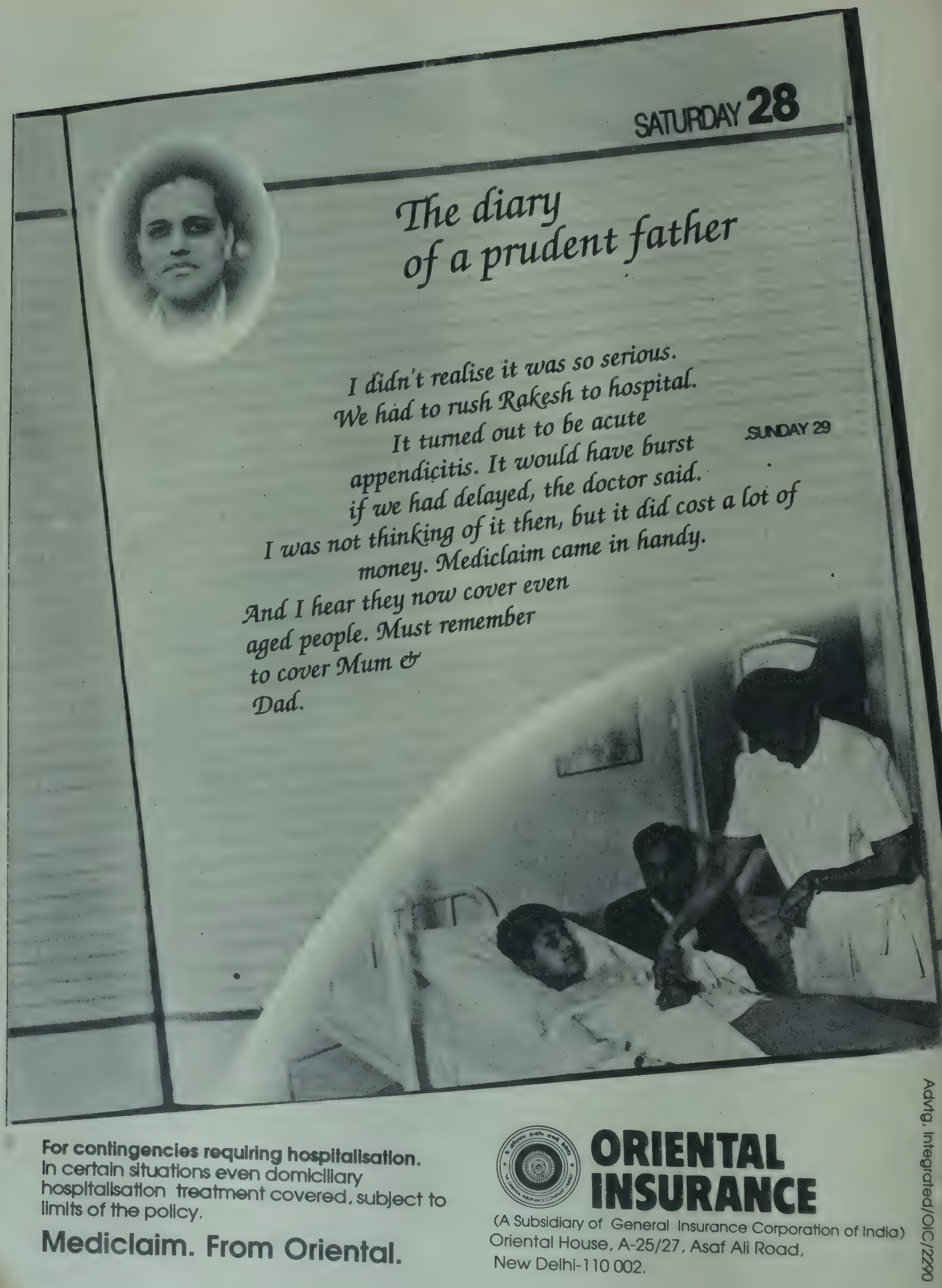
But in the market that has not translated as yet into sales. Besides, JIL has been doing its best to scupper things. For instance, anticipating high sales of Pepsi in the initial days, JIL introduced a free tumbler offer. That helped to blunt Pepsi's thrust in the trial period.

Eventually, of course, it will be a question of staying power. "It's a big boys' game now," says Bhakat. JIL, for one, is big enough to last out. In 1988-89, it had a profit of Rs 8 crores on a Rs 123.62 crores turnover. Pepsi, also, is girding for a long battle. "We (the foods division) will not break even for at least two to three years," says Salvi.

The smaller fry have, of course, been practically edged out. Rues Vimal Monga, director of Premnath Monga Foods: "We were the pioneers. People learnt from us. Now we are reworking our strategies."

All told it is a market in which the chips are evidently down.

■ *George Skaria*



SATURDAY 28
The diary
of a prudent father
I didn't realise it was so serious.
We had to rush Rakesh to hospital.
It turned out to be acute
appendicitis. It would have burst
if we had delayed, the doctor said.
I was not thinking of it then, but it did cost a lot of
money. Mediclaim came in handy.
And I hear they now cover even
aged people. Must remember
to cover Mum &
Dad.
SUNDAY 29
For contingencies requiring hospitalisation.
In certain situations even domiciliary
hospitalisation treatment covered, subject to
limits of the policy.
Mediclaim. From Oriental.
ORIENTAL
INSURANCE
(A Subsidiary of General Insurance Corporation of India)
Oriental House, A-25/27, Asaf Ali Road,
New Delhi-110 002.
Advtg. Integrated/OIC/2290

CREATIVITY WORKS

While the titans in Indian advertising continue their tussles to see who's the biggest or take snipes at each other to prove a point, a relatively small advertising agency is making big waves. Quietly but consistently, Trikaya Grey Advertising, the 14-year-old fledgling, has emerged as India's most creative advertising agency.

Sample the facts. In 1990 itself, the Bombay-headquartered Trikaya bagged as many as 27 awards for its campaigns, continuing a four-year spree of winning accolades. The spree began in 1986 when the agency romped home with 12 awards from the Advertising Club of Bombay and the Communications Arts' Guild (CAG). That was not all. In 1988, the agency bagged a prestigious international award — Creativity '88, New York's best consumer campaign for Trikaya's Arvind Denim effort.

With such an impressive string of awards, it is not surprising that Trikaya Grey today has won for itself the reputation of being perhaps the most aggressively creative advertising agency in the country. And even the agency itself is not modest about its emphasis on creativity. Says Trikaya's affable managing director Ravi Gupta, the moving spirit behind the agency: "Creativity, we at Trikaya feel, makes a difference in value that the client gets out of the money he spends." Gupta's talking sense there. Given the dog-eat-dog competition in the marketplace, where sellers no longer call the shots and the mad clutter of ads in all the media — press, television and everywhere else — an ad has to be made noticeable if it has to work.

Creative route. And for Trikaya, that means taking the creative route. "The idea is to make an ad memorable," says Gupta, "And there are two ways." The first (and the easiest, perhaps), is to drive home a message by repeating it as many times as one can. Expensive in terms of media costs, but it works nevertheless. But for Trikaya, it's been the second option that's made more sense. And that's been to create good ads, which don't need repetition to work. "That's where creativity really pays off," explains Gupta.

And it has. At least for Trikaya. While awards by the dozen have boosted the agency's public image and massaged its ego, the real test of any advertising is out in the marketplace. And it's there that Trikaya's creative gambit has really paid off. Consider some examples:

■ In 1986, the agency got the Aristocrat luggage campaign. The scenario was bleak. Aristocrat had been devastated by a two-year strike. Its market share had plummeted to 20% and competition had surged to erode its

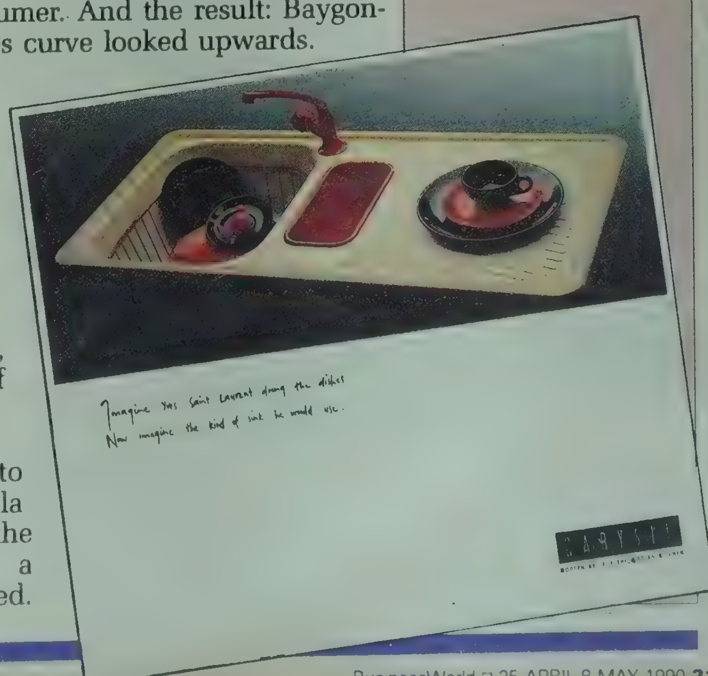
GUPTA GIVES VALUE FOR MONEY

position. Trikaya's prescription: not just to stem the rot with a powerful but predictable brand image campaign, but a more adventurous strategy to expand the market for moulded luggage. The result: Trikaya's famous Aristocrat 'coolie' campaign which was overwhelmingly successful. At the end of the day, in 18 months Aristocrat had notched up a formidable 36% marketshare. And Trikaya? It won the Ad Club's 'campaign of the year' award.

■ Bayer India's pesticide Baygonspray. The problem: product stagnation. A very high number of households had the product, but the can just wouldn't get over. Trikaya's diagnosis: The product had to be repositioned from "curative use" to "preventive use." And it got into the act. "Our pitch," says Gupta, "was 'don't wait till you see pests in the house. Use Baygonspray regularly and there'll never be a pest in sight'." TV spelled out the basic message, while long-copy press ads educated the consumer. And the result: Baygonspray's flat sales curve looked upwards.

■ An old story. 1978. Trikaya was a little over a year old, still struggling for business. And plop fell a soft drink account in its lap. Parle, in the wake of Coca-Cola's controversial exit, wanted to launch a cola drink. But the client had a clause attached.

Trikaya Grey has always made news when it comes to award-winning time



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When you make a contact with Digital India the touch stays warm. For ever. From generation to generation.

For a start, through Digital Equipment (India) Ltd., you are in touch with the world's second largest computer company and the top name in networking, having more than 1,000,000 users of its VAX machines worldwide. And Digital's open computing environment ensures that your investment never becomes obsolete since VAX technology is based on anticipation and adapting to change.

Then, DEIL has committed substantial resources to ensure that the Digital advantage is available in its full might to the Indian users. Through products that are manufactured right here. Structured training programmes. And support locations all across the country.

Stay in touch with DEIL. The touch never goes cold.

digital

TOUCH.

Generations hence.

Touch Digital for computer freedom

Right here!

Write in for a free corporate booklet.

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Digital Park, Yeshwanthpur, Bangalore 560 022. Ph: 344785

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D' ROZARIO IS A WHALE ON CREATIVITY

"Call it Kwench or Bisca," was the client's command. And fledgling Trikaya demurred. And went back to the client with a name that's today on everybody's lips. The client saw reason and Thums Up became the largest selling bottled cola drink in the country.

■ Cement. It was 1986. The cement market was facing a serious glut. But a new player, Gujarat Ambuja Cements Ltd. (GACL), was unfazed and it wanted a slice of that market. Enter Trikaya. For the first time, a strategy was cobbled up to lend a brand personality to cement. The Ambuja giant. This was unleashed on TV, bus backs, hoardings, posters, press, the works. And wonder of wonders, it worked. Within six months of the launch, Gujarat Ambuja had become the top selling cement in Gujarat, smothering formidable rivals like ACC, Saurashtra Cements and other established brands. Today, Gujarat Ambuja claims a 30% share of the Gujarat market.

These are just samplers. There are lots more in Trikaya's string of success. Big Fun chewing gum, Amtrex airconditioners, Flying Machine jeans, Dunlop Spectrawide two-wheeler tyres, Acrysil kitchen sinks... the list's long. And while awards aplenty have catapulted Trikaya right into the spotlight, it's these successes in the marketplace that Gupta's proud of. Says he:"Awards for creativity are recognition of the good work we've done, but we stress on the creative input not for awards but to stretch the client's money in order to get most mileage out of i..."

Obstinate obsession. But the agency's obstinate obsession with creativity has also drawn its share of flak. Critics (usually from other agencies) carp about Trikaya being just a creative ad shop with big names like creative directors Christopher D'Rozario and Vikas Gaitonde or designer Preeti Vyas-Giannetti, who churn out good-looking, award-winning work. But while Gupta doesn't for a moment attempt to refute that his agency has some of the best creative talents in the business, he's quick enough to dispel doubts about the agency's strengths in other areas.

Trikaya's image as a highly creative (only creative?) agency is perhaps because of

FIVE TO TEN

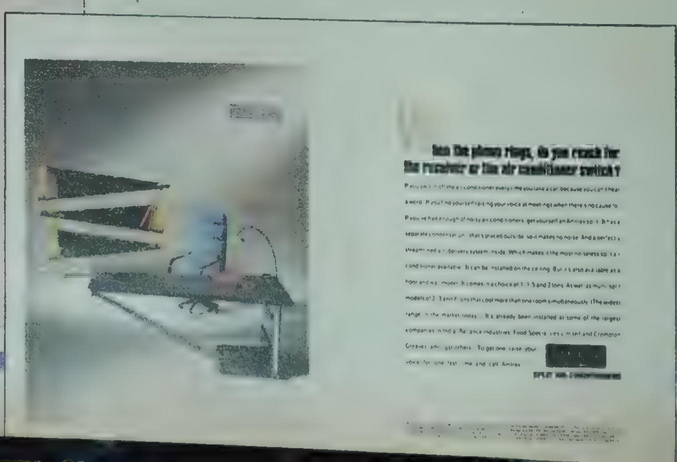
Trikaya Grey, which is billed as India's most creative advertising agency today, has a simple recipe for cooking up great advertisements. "It's our 5-10 plan," explains the agency's managing director and founder Ravi Gupta. And it's this plan that adds the sheen of success to every Trikaya campaign.

It's a two-part plan which fuses strategic thinking with creative inputs and it goes thus:

■ 0-5. The right selling proposition which is actually the heart of any advertisement. And Trikaya believes that without the strongest proposition an advertisement becomes an empty nothing. And that's why in the first half of its scale there's only a 0 or a 5. Nothing midway.

■ 5-10. The second half of Trikaya's scale is rated in single units. With high-quality creative inputs, an ad inches its way up from 5 towards 10. It becomes more noticeable, evokes more response. The idea is to squeeze more mileage out of every advertising rupee.

Lot less money. Says Gupta:"An ad which rates a 5 will produce some results no matter how indifferent the creative inputs are. Put lots of money behind a 5 and you'll get by." But an ad which rates an 8 will produce bigger and quicker results than one which rates just 5. "In other words, it can produce the same results with a lot less money," adds he. Trikaya's penchant for stressing on creativity has its roots in the agency's beginnings. In those early days, Trikaya had a clutch of small clients with tiny budgets. Recalls Christopher D'Rozario, the agency's high-profile creative director:"Those days we had to make a Rs 5 lakh budget work like a Rs 15 lakh one. And though we've grown big now and our clients' budgets too are big, the philosophy remains and a Rs 2 crore budget is made to work like a Rs 6 crore one!" That's stretching your client's money for you.



outsiders' perception of its work. "What outsiders don't know is our complete involvement with clients," says Gupta. "Advertising in isolation just cannot work. It's a part of the total marketing input. And unless your ad fits into the total marketing plan, it's not going to work." And Trikaya's "complete involvement" with a client's marketing plan forms the basis of the agency's 5-10 plan (see box) which quantifies a successful marriage of strategic thinking and creative inputs.

But while Gupta's ga-ga about his agency, what do Trikaya's clients feel? Says GACL's managing director Narotam Sekhsaria, for whose Gujarat Ambuja cement launch Trikaya created a brand personality: "The credit for our marketing success should go to Trikaya." And Sekhsaria's equally generous about what he thinks of the agency. Says he: "They know as much as our own marketing people."

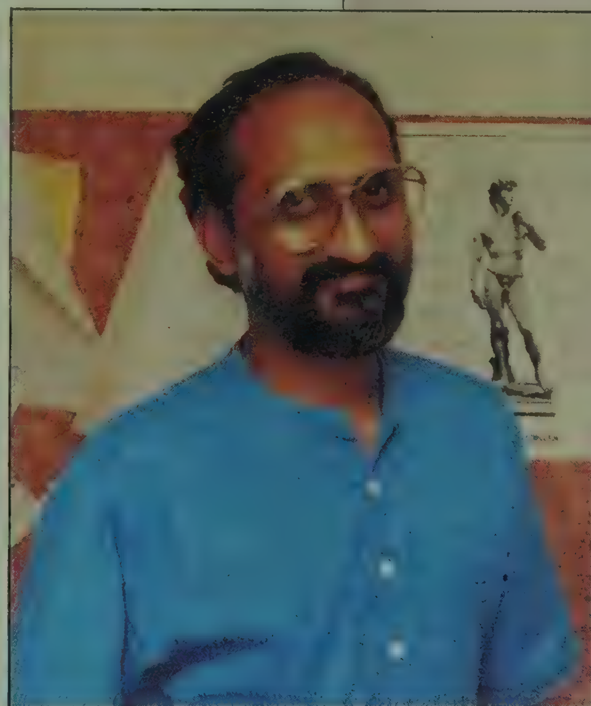
Sekhsaria's not alone in his rave review of the agency. Trikaya's unusual ability to come up with an unusual approach or a unique angle is what wins clients' hearts. Says a spokesman for Dunlop India: "Originality helps them cut through the clutter and grab the audience's attention." He couldn't be more right. For Dunlop's two-wheeler tyres 'Spectrawide', Trikaya did a TV spot and press ad which does specifically that. It stands out. Small wonder that at a time when two-wheeler tyres are sold at discounts, Spectrawide is still being sold at its list price. Says the Dunlop spokesman: "The innovative campaign has helped us to differentiate the product from a whole lot of two-wheeler tyres in the marketplace."

Different culture. But Trikaya's excellent rapport with clients is not the only reason why other agencies (and there are plenty of them) are envious. Internally too, the Trikaya culture's a bit different from the rest of the pack. "We don't treat our creative departments as a mere factory which is dictated to by account servicing," says Gupta. Instead, there's a complete synergy between the two. Indeed, according to Gupta, everybody in the agency is tuned in to the basic philosophy of high creativity advertising. Says whizkid copywriter and creative director Christopher D'Rozario: "At Trikaya we don't see creativity as an aesthetic need but a real business need. And both the account management team and the creative team believe in that."

And D'Rozario like his colleague Vikas Gaitonde (also a creative director) believes that's what makes Trikaya tick. "It's that synergy in terms of attitude between the two teams that makes a difference," smiles D'Rozario who's grown with Trikaya since 1981. Gaitonde echoes this. Says he: "The reason why we've been able to keep our standards consistently high is because of good homework by the account servicing people and their ability to also think creatively."

Trikaya's attitude towards its 25-member creative team (spread over branches at Bombay, Delhi and Calcutta) is perhaps spelt out best by D'-Rozario: "Trikaya completely spoils you from working anywhere else. It's the atmosphere actually and the kind of support you get from the account management team." Small wonder then that Trikaya's been able (in a highly mobile business) to hold on to its talented creative stable.

The agency's stress on creativity has no doubt made waves in the marketplace, but it has also made a difference in Trikaya's performance. At a time when the total industry billings (now estimated to be over Rs 1,000 crores) have increased at an annual rate averaging 20%, Trikaya has notched a growth rate of over 66%. In 1989-90, Trikaya's total advertising billings touched Rs 25 crores, up from last year's Rs 15 crores. And that apart, the agency's activities in public relations, direct marketing, merchandising and financial advertising fetched it additional business worth Rs 6 crores in 1989-90.


GAITONDE BELIEVES IN SYNERGY

And Trikaya's not resting on its laurels. It has already launched separate divisions for specialised business: Profile for PR, Options for financial advertising, Upfront for merchandising and a media innovations division. And Gupta says there's more to come. Next on his checklist is an ambitious media databank which the agency is furiously getting together before National Readership Survey IV gets going. Who says Trikaya's just a creative ad shop?

■ *Sanjoy Narayan*

With Swissair to Singapore non-stop, Sabira Merchant discovers that even time flies. The lady packs a busy schedule. But Swissair keeps pace, with twice a week departures from Bombay. Not to mention the additional flights under the Swissair-Singapore Airline Co-operation Agreement. Convenient morning departures help Sabira get an early start on her duty-free shopping. Of course, you also have Swissair's other extras like the excursion fare, famed hospitality and punctuality. Now if shopping is your passion don't waste a moment. Like time and Sabira, just fly.

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MAFATLAL MAGIC

There may not be a pot of gold waiting for exporters of Indian textiles, but a chance to strike it rich overseas has come their way. And quick to take advantage has been the Mafatlal group. Exports of cotton textiles and blends have grown from Rs 55 crores in 1988-89 to Rs 71 crores in the 11 months ended February 1990.

Hopes are high. "In 1992-93 we hope to touch Rs 150 crores," says Prem Malik, senior vice-president (marketing) in charge of the textile efforts of both Mafatlal Industries and Mafatlal Fine.

That should take it a step ahead of leader Century Textiles & Industries whose export target for 1992 is Rs 110 crores. Not that the latter is sitting back and relaxing. "We will make all efforts to keep our lead," says a Century marketing official.

Well planned strategy. Be that as it may, the Mafatlals, on their part, have worked out a strategy to boost their exports. For starters, the newly renovated export office at Mafatlal Centre has been given an European ambience "to make our foreign customers feel at home." It has also been decked up — with Mafatlal voiles. "Our printed voiles are in great demand in Europe and the US," says Kamalesh Kapadia, vice-president (exports), Mafatlal Fine.

To match international taste in design, the Mafatlals have been banking on Tootals, a UK-based textile trading house which tied up with them in 1983. Tootals has helped the company in finding customers abroad and keeping up to date with design changes.

Apart from this tieup, the Mafatlals have an organised international network of agents in several countries "who directly place orders on us," says

MALIK (L) AND KAPADIA DISPLAY THEIR WARES

Hrishikesh Mafatlal, chairman of Mafatlal Industries and Mafatlal Fine. In New York itself there are six agents who promote Mafatlal sales there. The company's Manchester office, set up in 1961, handles its UK sales. "The UK market is our largest single market," says Mafatlal. Other important markets include Europe. The markets that are yet to be exploited fully are the Far East, Australia, New Zealand, West Asia and Canada. "We've made successful inroads in these markets and are confident of increasing our share soon," says Malik.

To keep up with the competition in quality and price, the Mafatlals have framed an ambitious modernisation plan. "We've already spent Rs 68 crores on importing special machinery for the export range of products," says Malik. The latest in Sulzers, airjets and Rapier looms have been acquired.

That's necessary as today the Mafatlals' major exports still remain grey cloth. "Out of Rs 75 crores in exports the larger share has been in grey cloth but we know the future is in processed fabrics," says Mafatlal. He is obviously knitting the right fabric to make an export splash in these items too.

EDGE OVER COMPETITION

For once DCM Data Products demonstrated that it was capable of being fast on its feet. In just three weeks' negotiations in February and March, it clinched a major $50 million (Rs 85 crores) commitment from Phoenix Group International of the US for the purchase of computers and software and exchange of licences and marketing rights abroad.

Of this, the initial order is for $10 million of hardware and software exports to Europe and $1.1 million worth of computers to the USSR. The former is possibly the largest hard currency export order by an Indian computer company. DCM will supply Phoenix specialised Local Area Networking (Lan) products

and fourth generation software for networking applications.

The rest of the $40 million commitment will be executed over two years. This includes sale of DCM 486 technology, controllers and railway signalling equipment.

The essence of the whole operation, however, was speed. Though initially Phoenix attempted to contact about 12 Indian firms and a couple of Korean and US companies, it finally boiled down to three Indian companies, two Korean and one from the US. The Indian firms were reportedly HCL, ET&T and DCM DP.


MISSLER (L) & SAGAR (BOTH SEATED) SIGN THE DEAL

Global connections. How did DCM DP edge out the competition? Says chief executive Veer Sagar: "It was essentially due to the speed of operations, better presentation and the fact that DCM Ltd. (the parent organisation) is a large, well known corporation." And DCM DP's traditional strengths in R&D and technology have also contributed. Says Phoenix group chairman Charles W. Missler: "DCM was selected by Intel Corporation to be a leading edge developer of their 80486." Obviously, such global connections of DCM were a great advantage.

Phoenix Group International recently hit the headlines when it bagged a major contract for the supply of six million personal computers to Russia. In a landmark agreement Phoenix signed a joint venture with the Soviet government for the setting up of a factory in Pensa, an industrial town near Moscow. This deal will propel the company to the billion dollar league. The Soviet deal itself is estimated to be of the order of $8 billion.

The deal with Phoenix is also expected to have a major impact on the fortunes of DCM DP. For one, it will be putting up a new Rs 8 crore plant in Haryana which will propel the current 2,000 computers per month capacity to 15,000-18,000 per month.

The major impact will, however, be on the bottomline. Sagar is upbeat. DCM DP, which had fallen upon hard times, will once again be setting its former fast pace.

A DIFFERENT BLEND

He is looking for a different cup of tea. "With no avenues left for further expansion of tea gardens, we have no other alternative but to diversify," says R.K. Kanoi, director of the Calcutta-headquartered Kanoi group (sales: Rs 30 crores). The Kanois own nine tea gardens in Assam and West Bengal and are well known in tea circles primarily because their illustrious ancestor Raisahib Hanuman Bux Kanoi pioneered investment in this sector over 70 years ago.

Fortunately for Kanoi, both the domestic and international tea markets have been booming lately, thanks to which the moolah is flowing steadily in. Sensing that now is the best time to tackle the issue of spreading his business risks, Kanoi has gone ahead and invested Rs 12 crores in two projects.

The smaller venture involves putting up a latex gloves project at Falta export processing zone (near Calcutta) at a cost of Rs 1.5 crores. This 100% export-oriented unit will manufacture gloves for medical use. The demand for this product is especially high in western Europe and the US. The plant at Falta will run at 80% capacity in the first year and will produce 4,500 pieces per hour.

According to Kanoi, the raw material (latex) and technology will be imported from Malaysia. At a later point, he expects to use indigenous latex "to some extent."

Kanoi points out that of the 42 licences issued by the central

KANOI IS SIPPING A DIFFERENT CUP OF TEA

government last year for latex gloves manufacture, half a dozen were earmarked for the eastern region. But he laments that only two plants are in operation now, including his. And all told, hardly around seven to eight projects have seen the light of day in the country.

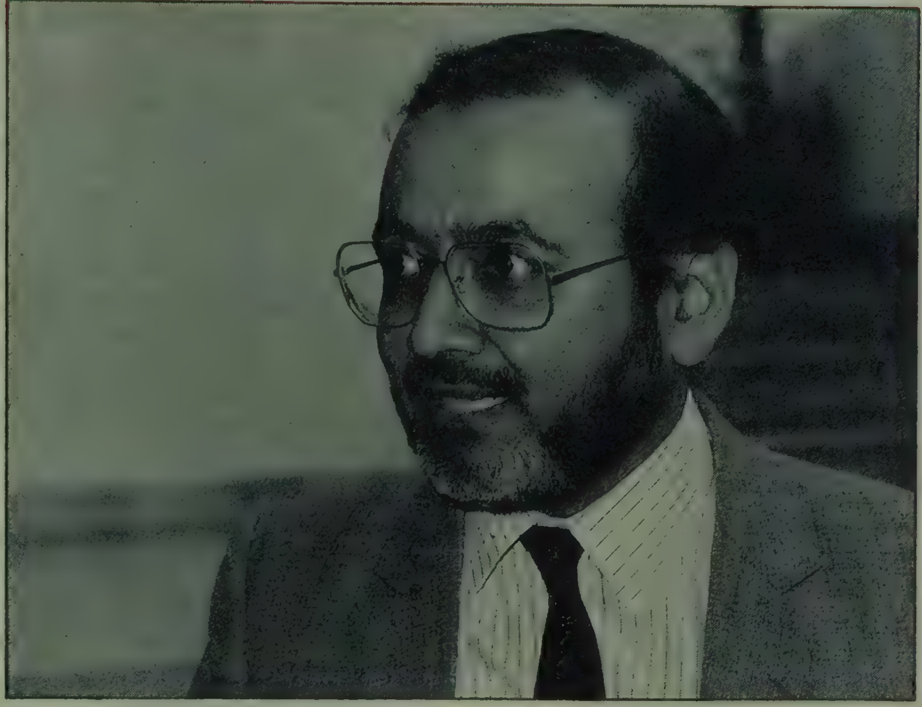
Tackling competition. What about competition? "We have done our homework well to see that we do not lose to our main rival, Taiwan. So far our trial products have been well received in the US from where we are glad to say we have received FDA approval."

The second diversification move is far larger. It involves a 15,500 tonnes per annum (tpa) paper mill bought last year in running condition from Brooke Bond in an open auction where the Kanois outbid the Thapars. A new company styled Kanoi Paper and Industries Ltd. (KPIL) has since been floated to run the pulp and paper mill for which Kanoi forked out Rs 7.67 crores. (This excludes costs like registration and other allied charges for which another Rs 2.5 crores had to be doled out.)

"An important feature of the mill is that the production facilities have been designed to suit the use of non-conventional raw material inputs, mainly rice straw," explains Kanoi. "The latter accounts for around 75% of the pulp inputs. Since the mill is located at Bilaspur — the rice bowl of Madhya Pradesh — the supply of rice straw as the prime raw material is assured." Besides, gunny waste and pulp are the other non-conventional raw materials which are locally available.

The unit is fully integrated and has specialised manufacturing facilities to produce writing, printing and industrial paper. The main paper machine is an MG combination manufactured by AC Dorries of West Germany and has been designed to produce paper in the wide range of 47 gsm (grammes per sq metre) to 120 gsm. "This gives KPIL the flexibility to alter the product mix in keeping with changes in the market demand," says Kanoi. However, KPIL will concentrate on producing creamwove, poster and kraft paper in the range of 47 gsm to 60 gsm.

"Our advantage lies in that several of the existing buyers of packaging papers like ITC and Brooke Bond will continue to buy from this unit. In the long run, of course, a mass consumption item like paper can never have a bleak future," he reasons. With the two projects humming, Kanoi is now hopeful that the group's sales figure will cross the Rs 50 crore mark by 1991. And that's not just on paper.



KHORAKIWALA HAS THE RIGHT MEDICINE

A HEALTHY DRIVE

Healthcare in the private sector is in the nick of health. And, spurred by successes, the numbers are growing. Bangalore, for instance, will boast of two new super-speciality hospitals in the near future: the Mallya-Apollo hospital which will open in July and the Manipal group's Manipal hospital, fast nearing completion.

That's not all. The pharmaceutical company Wockhardt (current sales: Rs 80 crores) has opened a sophisticated medical and research centre in the city. "It's in line with our corporate mission of 'Growth with excellence in healthcare'," says the company's chairman and managing director, H.F. Khorakiwala. "It blends with the company's orientation towards pharmaceuticals and health care." Wockhardt already operates a daycare and surgical centre in Calcutta.

According to Khorakiwala, Bangalore has some leading surgeons but lacks an excellent healthcare centre unlike Bombay, Madras and Vellore. In other words, human skills and expertise are available but facilities are wanting.

Bridging the gap. The Wockhardt centre, inaugurated on 14 March, is an attempt to bridge the gap to an extent. The centre is equipped to perform critical surgeries like coronory bypass, open heart, kidney transplant, intra ocular lens implant (during cataract surgery) as well as other complex operations.

According to Khorakiwala, coronory bypass surgery at the centre will only cost Rs 42,000. "This is not an 'inaugural offer'

or anything like that," he says. "We will maintain this price."

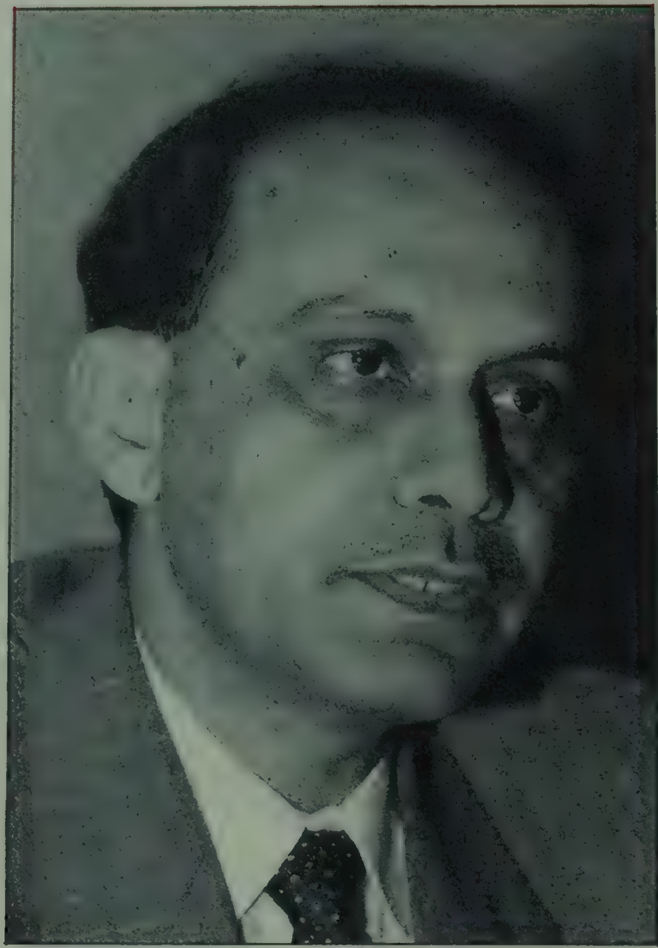
When fully commissioned in May, the centre will have 70 beds. It has cost Wockhardt an estimated Rs 6.5 crores and, says Khorakiwala, it took just one year from conception to commissioning. "We expect to break even by 1993," he adds.

The company plans to establish four to five other major healthcare centres in the future. Khorakiwala holds that there is a "gap" in the quality of service and management in the hospital and healthcare field. Whether Wockhardt's medical centre will prove superior on this score remains to be seen.

SUC'CES'SFUL VENTURE

If you were driving down the Namkading-Savannakhet Road in Laos or the Dhamar-Al Husainiya Road in the Yemen Arab Republic, you would be traversing the handiwork of S.S. Chakraborty. Managing director of the New Delhi-headquartered Consulting Engineering Services (CES) — a Rs 9 crores per annum turnover consultants' firm of engineers, architects and planners — Chakraborty feels that by recently winning the national export award for "outstanding performance in the export of engineering consultancy," CES has now come of age. "Today our dream has come true," he says.

The track record of CES since its inception in 1970 is evidence that Chakraborty is the kind of person who (to use Lawrence of Arabia's memorable phrase) dreams with his eyes open. In 1969, Chakraborty had joined the then British consulting firm of Rendel, Palmer & Trilton after returning to India having completed his engineering studies in Europe. "I found that this firm was in an advanced state of decline. We professionals in the firm banded together, took out loans against our provident funds, bought the company lock, stock and barrel from its British owners and gave its present name," recalls Chakraborty.



CHAKRABORTY IS BUILDING FOR THE FUTURE

According to him, in those days the availability of indigenous engineering consultancy was limited and most users preferred to import these services. With its changed ownership, CES became one of the few Indian companies in the league. Chakraborty recalls that among CES' major initial jobs were *Hindustan Times'* 24-storey hi-rise in central New Delhi, the Meghalaya secretariat in Shillong and designing the Hooghly and Haldia dockyards.

But before long, the oil boom opened up new opportunities in West Asia, and this is where CES blossomed. It has notched up an enviable row of successfully completed contracts in Yemen and Oman, in particular. (The VIP terminal at Seeb International Airport in Oman, for instance, was planned, designed and constructed by CES). Overseas contracts have also been won competitively in Laos and Mauritius.

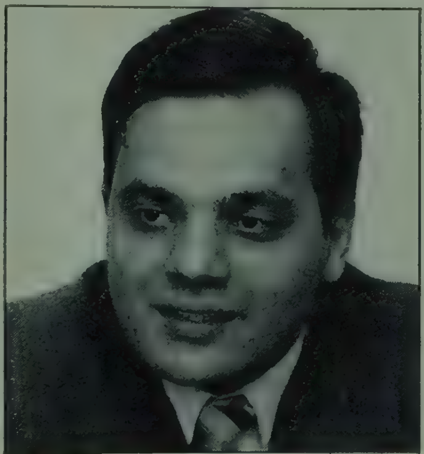
Dead-ends and dilemmas. Earning greenbacks on alien terrain has had its share of dead-ends and dilemmas. Chakraborty says CES' jobs in Iran and Iraq have been stymied because of political uncertainties there. Not the least of the problem has been undue delays in the settlement of pending bills. "Providing consultancy services is not a capital intensive business. If a payment of Rs 5-10 lakhs is held up indefinitely, it could well cripple the company," he points out.

With West Asian prospects gradually waning, Chakraborty is looking for growth opportunities in Africa and at home. On the domestic front, CES is currently masterminding two important Asian Development Bank (ADB)-funded studies: a long-term map for expressway planning till 2010 AD, and an all-India ports and shipping sector study aimed at projecting an overview till 2000 AD. Also, CES has very recently signed an agreement with the Karnataka government to blueprint the future development of the Upper Krishna project.

All of this will no doubt keep Chakraborty and his team of technocrats in CES frightfully busy in the years ahead. They are a self-actualising lot for whom the thrill is in the job itself rather than its rewards — the well-deserved national award notwithstanding. Chuckles Chakraborty: "One thing is certain: we'll never be rich."

THE DUNN THING

It will be making synthetic rutile but its profits will be anything but synthetic. Bene-Chlor Chemicals, a Rs 4 crore 100% export-oriented unit promoted by two young entrepreneurs in Madras, is expecting annual sales of at least Rs 15 crores. The edge, says 28-year-old managing director M.N. Venkatasubramaniam, is the advanced technology leading to a low project cost.



VENKATASUBRAMANIAM HAS A GOLDMINE

Synthetic rutile is the raw material for titanium dioxide and other commercially important titanium-based derivatives. Says Venkatasubramaniam, "The titanium dioxide pigment is the most sought after white pigment in the paints, paper, plastic and ceramic industries." With such a diversified application, the only problem is rutile supply and Venkatasubramaniam has tied up that too.

Over to chloride. The project is being set up in collaboration with a well-known expert in the field, Wendell E. Dunn, one of the pioneers in the field of rutile manufacture through high-temperature chlorination, the process Bene-Chlor will be using. "It was in 1958 that Du Pont introduced the chloride process for making rutile and Dunn was in the team that developed it. Dunn, he elaborates, has successfully set up a similar plant in Australia and demonstrated the high quality of the product which requires at least 95% purity to make titanium dioxide.

Bene-Chlor's project, which is to come up in the Madras export processing zone, will initially produce 15,000 tonnes per annum of synthetic rutile. The unique aspect of this plant, he explains, is the relatively small size of the unit. Plants the world over are giants, giving economies of scale. "The world is watching to see if we succeed," says Venkatasubramaniam.

The country's requirement of titanium dioxide is today being mostly imported as domestic production by the two units, Indian Rare Earths (IRE) and Travancore Titanium Products falls short of demand. But India is uniquely placed to produce rutile as it has abundant deposits of ilmenite, the raw material to produce rutile. Bene-Chlor has, to start with, an assured supply from IRE. With so much going for it the rutile venture is unlikely to fall into a rut.

BANKING ON TANKS

The teaser hoardings all over Calcutta screamed: "War declared. The tanks have arrived." Thanks to a bizarre coincidence, they appeared in tandem with the rising tension on India's border with Pakistan; Calcutta's police commissioner was not amused.

The war, says Electrometal Tanks managing director Sanjay Budhia, actually refers to the silent war his products — appropriately brandnamed Patton — are waging against sun, rain and cold to fight cracks, corrosion and leaks. A bit of an anticlimax, perhaps, but then Budhia's objective of a high-profile launch was achieved.

According to him, Patton tanks are best for domestic and industrial water storage because they are made of imported LLDPE (light low density polyethylene). The LLDPE polymer is more flexible, he says, and is tougher. Besides, Patton tanks have in-built ventilation.

A ready market. "The housing boom is a contemporary reality both in the private and public sectors. We therefore have a ready market," claims Budhia. "Though there are quite a few well-known companies in this field, we are sure to beat them in the marketplace, because ours is a better product. Where others have pioneered we have perfected," he adds.

In the eastern sector, Budhia should score because the absence of transportation costs and octroi charges will be an advantage. But Patton tanks will have to wage a grim battle in the highly competitive western and northern sectors. In the eastern sector alone, though, Budhia expects to do business worth Rs 4.5 crores in the first year.

BUDHIA MAKES A TANK CHARGE

Budhia knows his onions, because he is not new in this line of business. Electrometal Tanks has been manufacturing pressed steel tanks upto 1.5 million litres capacity since 1978. The current venture is an upmarket move. The new factory at Calcutta has been set up at a cost of Rs 3.5 crores. Budhia, for one, is confident that Patton will pay off the investment.

(Contributed by Maya Rai Choudhuri, George Skaria, Ashoke Laha, N. Raghavan and Vinay Kamath)

C-DoT — A HOUSE DIVIDED

Union minister K.P. Unnikrishnan says the Centre for Development of Telematics (C-DoT) will go on. But as the battle between telecom czar Sam Pitroda and the surface transport minister (holding additional charge of communications) explodes into even further acrimony, one wonders whether the future C-DoT will be in any shape to get anything constructive done.

Of course, the Unnikrishnan stand is that nothing constructive has got done in C-DoT in the six years of its existence. "C-DoT had promised that within three years and Rs 36 crores it would achieve certain targets," says Unnikrishnan. According to him, nothing concrete has emerged to date (see interview).

Inefficiency or incompetence is not the only charge. Pitroda has been accused (in detailed articles in the press, at least) of channeling orders to his companies in the US at highly inflated prices. And all this time he has been brandishing his patriotism like a flag by working on a salary of Re 1 a year. Other charges are legion and no less grave.

Such charges have been levelled at Pitroda before and he has answered them (see Sam Pitroda's Czar Trek, *BW* May 10-23, 1989, p. 58). But this time not only is there a wealth of documentary detail but the government seems to have taken some action on its findings.

PITRODA : ON A STICKY WICKET

Soon after Unnikrishnan took over, he appointed a technical audit team to probe C-DoT. "It was not a witch-hunt as it was made out to be nor was it a personality clash," says Unnikrishnan.

It now seems highly unlikely that C-DoT will be able to deliver the goods in future

But when the team delivered its report, four members (including key Pitroda aides G.B. Meemamsi and D.R. Mahajan) attached a dissenting note. The duo have now been given marching orders. That put the fat firmly in the fire. The C-DoT establishment hit back. Consider:

Some C-DoT members have shot off a letter to T. Narayanamurthy, recently appointed C-DoT director. The letter said, "We find it difficult to accept you as our director. We regret to inform you that we will not be able to extend our support to you."

In Bangalore, a majority of the C-DoT employees attending a meeting addressed by Unnikrishnan walked out in protest against the minister's statement that "family firms cannot be allowed to flourish."

Pitroda himself has sought a meeting with the prime minister reportedly to "put things in the right perspective." The implication is that the current controversy is being stage-managed and will harm C-DoT's image.

That harm has been done already is undeniable. "Ever since the audit committee was formed, there has been absolutely no development work going on in C-DoT," says a C-DoT official.

Some of the engineers are already disillusioned and are thinking of seeking greener pastures. Says the note to Narayanamurthy: "...we have been trapped, we feel there is a systematic effort to humiliate us..."

At the root of the problem, possibly, is that Pitroda built up a team personally loyal to him. The payoff: with Pitroda considered a messiah, some of his glory reflected on his colleagues. Now that he seems to have somewhat fallen from grace, there are, however, people in the organisation who are joining the Unnikrishnan bandwagon.

So one has the Pitroda loyalists, the Unnikrishnan adherents, the fence-sitters and the incipient departees. C-DoT is, in sum, a house divided.

Where to from now? As it is, C-DoT has failed to deliver the goods. In future, with the government relegating it to a subsidiary role, it seems hardly possible that it will come up trumps. "I don't believe in R&D built around personalities," says Unnikrishnan. With high flier Sam Pitroda grounded, his baby C-DoT is hardly likely to get off the ground.

■ *George Skaria*

"I AM ALL FOR SELF-RELIANCE"

K.P. Unnikrishnan, Union minister for surface transport holding additional charge of communications, thrives on controversy. In his long innings in Parliament, he has always been in the thick of things. He is there once again taking on telecom czar Sam Pitroda, the Centre for the Development of Telematics (C-DoT), the bureaucrats and the scientific establishment. Unnikrishnan spoke to BusinessWorld *in an extensive interview. Excerpts:*

■ On the war that has broken out.

There is no question of a war. However, a lot of disinformation has been spread. Let me make things clear. After I assumed office, I just wanted to find out what the telecom scene was like — the running of the network and its problems.

There is a huge backlog of demand of 1.9 million (telephone) lines. This is apart from the lines which we have pledged for rural extension.

And what was the production scene like? C-DoT had (earlier) promised that within three years and Rs 36 crores they would produce the 16-40,000 line Max (main automatic exchange) and a 512 port. Six years have gone by and one wanted to know where it (the promise) stood. I was told that in the case of the Max, not even a prototype was ready. As for the 512 port, it has not been certified by the department of telecom quality assurance. I wanted to verify this and that is why I appointed a team for a technical audit.

■ On whether it was just a technical audit or a witch-hunt.

Yes, it was just a technical audit with specific terms of reference as spelt out in Parliament. It was not a witch-hunt as it was made out to be nor was it a personality clash. I saw Pitroda himself soon after the (technical audit) committee was formed and he himself praised the committee members. I did not know most of the committee members. I did not want anybody to pull down C-DoT nor did I want anybody to defend the indefensible.

I don't have to carry somebody else's badge of patriotism...The disinformation that I am looking for a multinational link is preposterous, nonsense and a lie

■ On the fears that the crisis might harm C-DoT and the efforts to develop indigenous technology.

It is not to wind up C-DoT but to strengthen it and its efforts that we have set up the committee.

(On indigenous technology) there is the question of the ILT switch made by ITI which is a 100% indigenous effort. The difference (with the C-DoT switch) is that the ILT is working and it has been tested.

Then there is also the question of E-10B technology from Alcatel which we have bought. I was one of its critics (when we bought it). Now it is ours and we have paid for updating too. Somebody tried to scuttle this.

There is no untouchability in telecom. It (Alcatel's E-10B) is something that I have bought. However, if it doesn't work, I'll throw it away and buy something else. But all this was scuttled in the hope that C-DoT technology would work. They were saying: today, tomorrow... It hasn't so far.

The country will certainly encourage self-reliance. In the case of C-DoT, it will go on. But in the meantime we have to make other arrangements.

■ On the perception that he is favouring imported technology and multinationals.

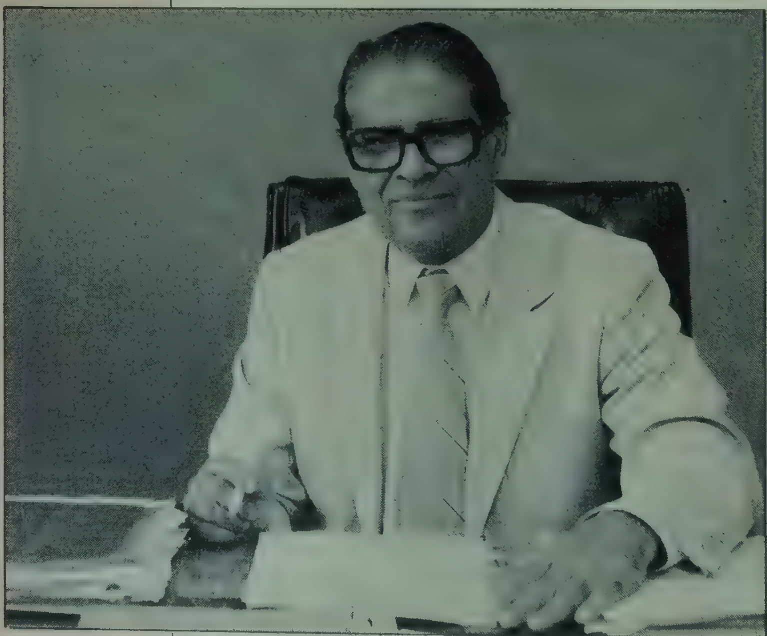
I am all for a self-reliant effort. I don't have to carry somebody else's badge of self-reliance or patriotism. The disinformation that I am looking for a multinational link is preposterous, nonsense and a lie.

IIM-B: CAMPUS CLASH

IIM-B is once again the centre of a controversy — this time over whether the director is fit to direct

The Indian Institute of Management, Bangalore (IIM-B), one would assume, is a reputed academy going about its job of turning out bright, young managers in a quiet, business-like manner. Quite the contrary. Petty politicking, jockeying for plum posts and consultancy assignments have vitiated the atmosphere in an institute which was never considered top-drawer among the IIMs. The focus of the faculty's attention currently is less on the curriculum than on the institute's director. One section, which claims a majority, is opposed to an extension of his term and another is equally keen that he stay on.

Director Joseph Philip's term ended in mid-April and going by the experience of the Calcutta and Ahmedabad IIMs, finding a replacement will be no easy job. Till one is found, the incumbent is normally asked to carry on as has happened in the case of 'Ramu' Aiyer, director of IIM, Calcutta. The Bangalore institute's Association of Faculty, which claims a membership of 45 out of the 47 faculty members, would not like Philip to get a second term. Says a spokesman: "Philip is an insecure person, given to paranoia. He has been behaving like a village headmaster, showering favours on those toadying up to him and sidelining professors who don't toe his line."



PHILIP'S STYLE OF MANAGEMENT IS HIGHLY CRITICISED

INTERNAL DEBATE

The association says that, for the past two years, it has been petitioning Abid Hussain, the chairman of the institute's governing board, for a faculty role in the evaluation of the director and in the choice of a new director. After much internal debate, says the spokesman, it came up with an elaborate report evaluating the current director's performance. After it was endorsed by the association members, it was submitted to the Prime Minister's Office (PMO) in February. The report, titled "Inputs for the evaluation of Mr.Joseph Philip, Director, IIM-B," is highly critical of Philip's style of management.

On 19 March, say faculty members, Abid Hussain along with government of India's educational adviser Ashok Chandra, flew down to Bangalore and gave them a patient hearing. It was the first time, says a professor who was present, that faculty members were able to talk to Hussain without Philip butting in.

Apparently Hussain assured the faculty members that the evaluation report had been presented to the ministry of human resources development — the body which funds the IIMs — and their views on the criteria that should be followed in selecting a new director would be placed before the search committee, which he (Hussain) heads. It is believed that the search committee constituted to select a director for IIM-B comprises G.V.K. Rao, S.V.S. Raghavan, Hiten Bhaya, N.R. Sheth and Sukhamoy Chakravorty.

Much to the discomfiture of some Philip supporters, a copy of the evaluation report found its way to two leading dailies, and some last-minute efforts were made by professors loyal to Philip to persuade the dailies to project a "more balanced" picture. The report is not merely critical but caustic about Philip's performance. It pointedly seeks the "termination of the present director with the expiry of his present term and without any ad hoc extensions," and calls for the appointment of the seniormost professor as director temporarily. Both the report and the association spokesman question Philip's academic credentials vis-a-vis the position he holds. Says the association representative: "Philip's was clearly a political appointment. His name did not figure among the candidates short-listed for the post. Why Philip applied for a faculty position in IIM-B on three different occasions in the seventies and each time he was turned down." Among the other points made in the report are:

- The objectives and perspectives of the institute have been watered down, resulting in the erosion of emphasis on management in the public sector and less organised sectors of society.
- The faculty find no formal and meaningful

IIM-B HAS BECOME A FACULTY'S FREE-FOR-ALL

role assigned to them even in academic affairs.

■ The administrative support extended to the faculty falls short of legitimate expectations; expenditure on administration is disproportionately high compared to that on academic efforts.

■ The director's qualifications seem to be less than those specified for a professor at the institute.

Most of the assistant professors have a doctorate degree from prestigious universities, whereas the director has an MA degree from Bihar University. This has had an adverse effect on the recruitment of qualified faculty and is at variance with the pattern at the other IIMs.

■ The director's role in deciding on externally-funded projects (consultancy & research) creates serious conflicts of interest. Philip has awarded projects to himself and to the "favoured ones" as patronage. The faculty committees have no role in these decisions.

■ The suggestions and proposals for the organisation of a faculty government to introduce rational and legitimate systems of decision-making have not been entertained.

■ The academic committee, in spite of being the most important one, has no clear-cut responsibilities nor role. Members are nominated by the director, the criteria known only to him.

■ Enrolment of students to the post graduate programme has been increased from 120 to 180, without planning the facilities and services. The result: shortage of class rooms and dormitory accommodation and critical shortage of faculty in a few core functional areas of teaching.

■ No manpower planning exercise has been undertaken in regard to faculty recruitment in the past five years. Role, responsibility and status of honorary professors and chair professors vis-a-vis the regular faculty is not defined. Some organisations donate endowments to the institute very soon one finds a retired executive of the same organisation appointed as a chair professor or honorary professor giving rise to the impression that it may be a quid pro quo. Deans are appointed without reference to the faculty by the director.

■ Telephone expenditures for the director, his secretary and the deans amount to more than 50% of the total phone bills. Similarly, transport facilities have been monopolised; almost all the cars and vans are kept at the disposal of the director and deans.

All these allegations have been carefully documented. But some professors and deans of the institute, obviously close to the director, are not convinced. Says dean (coordination & planning) K.B. Nair: "The report was circulated selectively. As a matter of fact, the first time we saw it was when a journalist brought it to us for our comments. It would perhaps have carried more credibility if it was publicised earlier, not just at the time when the current director's term is about to end."

Says P.G. Apte, coordinator (consultancy): "What's contained in the report are opinions, not facts. How can one comment on opinions?" Apte denies that the original objectives and perspective of the institute have been watered down. Even if some changes in the curriculum and programmes have been made, Apte holds these were not "imposed" by the director but came about after discussion among the faculty. According to him, there's no "favouritism" in the award of consultancy assignments and as for the charge that Philip is underqualified to hold the director's post, Apte would like to know whether the people pointing a finger at Philip themselves have the requisite academic qualifications.

In the opinion of dean (academic programmes) R.K. Herlekar, the report is "hardly a balanced assessment." Philip, says Herlekar, took over at a time when the institute was in a "shambles", with some faculty members even under the threat of physical attacks. "He has been able to restore peace on the campus. We are able to breathe freely."

According to an institute source, if Philip fails to get an extension — some say he himself may not be too inclined if given a limited extension after all this controversy — Herlekar may be made the acting director. Among the likely candidates for the directorship are believed to be: Samuel Paul, an economist with the World Bank, N.C.V. Nath, a Delhi-based consultant, Krishna Kumar (University of Hyderabad), and B.K. Chandrashekar, S. Shivaramu, and G.K. Valecha (all from IIM-B). Meanwhile, with Abid Hussain named India's ambassador to the US, the search committee as well as the IIM-B's governing board will have to have a new chairman. The search process surely needs a fillip.

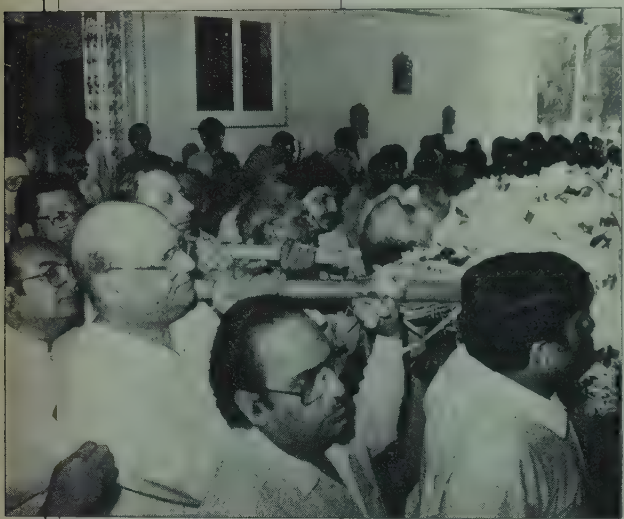
■ *N. Raghavan*

Petty politicking, jockeying for plum posts and consultancy assignments have vitiated the atmosphere in IIM-B

FEAR PSYCHOSIS

Sudden death is no longer a figure of speech for Indian businessmen. Not after April's first fortnight, when in separate stunning tragedies in Kashmir and Assam, two innocent individuals lost their lives through brutal assassination at the hands of terrorists.

On a lonely road connecting two of Assam Frontier Tea Company's 15 gardens in Upper Assam near Tinsukia, terrorists ambushed Surrendra Paul and his general manager Ashis Kumar 'Bablu' Chowdhury on the evening of 9 April and shot them point blank. Paul died within minutes, while Chowdhury suffered severe spinal injuries and has been hospitalised in Calcutta. It was certainly neither consolation nor comfort to anybody that a 'red alert' was sounded all over Assam immediately thereafter along with the launch of a 'massive manhunt' for the killers who calmly drove away in a blue Maruti Gypsy.



SWRAJ PAUL (L) CARRYING BROTHER SURRENDRA'S BODY

The next day, in faraway Srinagar, the body of the hapless HMT general manager H.L. Khera, who had been abducted earlier in the week by Jammu & Kashmir Liberation Front (JKLF) militants, was found on a suburban street. (According to one unconfirmed version, Khera was driven to the spot, asked to leave the car and was shot dead even as he began walking).

These unconnected murders have sent the business and managerial community all over the nation reeling in shock. Assocham president Viren Shah condemned the killings as "dastardly." The Consultative Committee of Plantation Associations (CCPA) has warned that tea production in Assam could suffer "to the detriment of the country at large and the state in particular."

Flights out of Dibrugarh, Guwahati and other Assamese towns are said to be full as panicky businessmen are fleeing to safer locations outside the state. A newspaper report says property prices in Calcutta are already on an upswing because of the demand pull created by this sudden exodus out of Assam and into Calcutta.

Businessmen have suddenly become the new targets for terrorists of every variety

Targeting businessmen. The singling out of businessmen and professional managers by militants is a new development for which there is no apparent explanation. Assam's director general of police, S.V. Subramaniam, says there has been 'no official report' of Assam Frontier Tea Company officials being either threatened or intimidated by the United Liberation Front of Asom (Ulfa). Company officials state that the attack on Paul and Chowdhury was 'totally unexpected.' And in Srinagar, Khera was an ordinary citizen as harmless as one's next door neighbour — an unlikely terrorist target by any standards.

Where could things go from here? In Kashmir, there is not very much in the manufacturing sector anyway except for public sector units of HMT and Indian Telephone Industries (ITI) and several small private sector units. But in Assam, there are at least three large industry segments: tea, plywood and oil. Even if one of these is brought to a standstill, the economy of the state is bound to suffer badly. Bizzarely, the worse off the state, the louder will be the militants' claim as to 'discrimination' — a classic vicious spiral.

One thing is certain: chief minister Prafulla Mahanta's clamour for getting Tea Board and tea company headquarters shifted from Calcutta to Guwahati is a dead issue from now on. Analyses a tea industry captain who prefers anonymity:"Fear psychosis is likely to trigger off both a flight of capital and flight of decision-making authority from Assam." Some Cassandras do not rule out the possibility of lockouts being declared at the gardens, a step which would be disastrous for a shrub which needs to be tended with care. But whatever happens, Assam will only be the loser.

In Kashmir, too, the common man is bound to be badly hit by the impending collapse of this summer's tourist season. Clearly, no one in his senses is going to plan a family holiday in the valley this year. With factories closed, offices at a standstill and bank operations unsettled, the disruption of normal life in India's northern-most state is total.

What next? How does industry defend or protect itself? And what are the options available to it if the terrorist threat escalates? What about India's overall credit rating. No one seems to know the answers to these and allied questions. The tragedy is that unless the answers are found, the innocent lives of Paul, Khera and countless other victims of terrorism will have been laid down in vain.

■ *Sujoy Gupta*

AMBANI & THE SYSTEM

He is the arch manipulator of socialism. A man who has looked closely at the confused pattern of government by controls and discovered the lever to turn political dross into gold, both for himself and those around him. Dhirubhai H. Ambani understands human nature and political systems perhaps better than many others. He has no quarrel with controls. In fact he thrives on them. Controls, and more controls, help him and his ilk. For it helps keep down the irksome rival who may have some qualms about using the system to meet his own ends.

Ambani's Reliance Industries is accepted to be a successful company by most yardsticks. It has risen from the ranks to touch the hoary heights of the Indian corporate sector. The company has spread the benefits to its shareholders and presided over an empire to which the mighty bureaucracy often pays obeisance.

Ambani's meteoric rise would have been an example for industrialists to emulate had he been able to rise despite, and not because of, the sea of controls. But his is not a climb to write gushing tomes about; in fact, it is a pointer to the disturbing fact that manipulation might gradually be accepted as synonymous with success.

In the ultimate analysis, Madhu Dandavate and Dhirubhai Ambani are two sides of the same coin called socialism, or state control

FLAWED SYSTEM

Troubles start for people like Ambani when the political system does not respond to his calls, as is happening just now over his problems with the new government. But it would be illusory to hope that a mere change in the government can hold down the likes of him. If Ambani is brought down, there are a hundred others to step into his shoes. The flaw is with the system, not Ambani.

When the socialists got together to find ways of imposing controls, nationalising property and expanding the bureaucracy to reach into the lives of citizens, they knew that they needed power over industrialists or producers to make them feel important. Ambani just came along to smoothen their path and make money for everyone who came in touch with him — the politician, the industrialist, the shareholder and the bureaucrat. His genius lay in the fact that he thought big: he was no fly-by-night, small-time manipulator but a man building a long-term relationship of mutual benefit with his various constituencies.

Ambani is not the worst that the socialistic pattern of growth has thrown up. He is its best product. To be sure, he did not make the system, but neither did he make any efforts to change it. He merely moulded it in his own image. And the system afforded him the best opportunity to do so. He is neither the first nor the last of those who will use the system to advantage. He merely stands out in a long line of such men and women who have to look towards the government for existence.

When one creates a system where an industrialist has to stand in a queue merely to have the right to produce, where he has to run to every ha'penny tu'penny bureaucrat who has the power of life or death over his product, then one perforce encourages the manipulator. Manipulation becomes the accepted currency when one declares merit as counterfeit. It is not enough for a man to prove in the marketplace that he can offer better value; he has to go and please the bureaucrat who has the power to allow or disallow him to make this offer. It is also not enough for him to show that he made his money honestly by offering benefits to his fellow citizens. If he shows it, his money would be impounded.

In such a system, if the financial institutions have a stranglehold over the corporate world by dint of iniquitous laws, then there will always be people who know how to get around them. No matter what protestations Madhu Dandavate or V.P. Singh make about cleaning public life and shutting out patronage to an industrial house, the truth is that it cannot be done unless the system — which discourages initiative, honesty, pride and self-respect — is itself changed. All this would come about if one allows freedom in the marketplace not only to produce but to keep the benefit arising out of it as well.

If Dandavate has been thrown up by the system as an epitome of its politics, then an Ambani is his alter ego. They are two sides of the same coin called socialism. Each needs the other, each sustains the other. If we want a system which will unleash the full potential of this country, then we have to do away with the philosophies of both. But the onus of change is, of course, with the political torchbearers.

■ *Hardev S. Sanotra*

CEBIT FAIR

SOFTWARE AND HARD OPTIONS

It did not surprise anyone, least of all the Americans, to see the smiling brown faces of Indian exhibitors participating under the aegis of the Stars and Stripes. The US was the "partner country" at this year's CeBIT fair — the biggest bash for manufacturers of computers, office machines and information technology — in Hanover from 21 to 28 March. These ethnic Indians, belonging to that breed widely known as NRIs (non-resident Indians), are making a mark in the software market of the US and have come to regard CeBIT as the Mecca for software and hardware.

In an interview with *BusinessWorld*, Hubert H. Lange, a senior executive of the Hanover Trade Fair Authority, explained the "partner country" concept of his organisation:"The belief that only a newly industrialised country (NIC) can be presented as a partner country is erroneous. We made a general change in our policy two years ago and do not present only NICs as partner countries any longer...India was selected as a partner country in 1989, primarily because of her excellent achievements in the software sector...but this year's choice of the US as a partner country had two reasons: The US is, first, one of the most important countries in the sector of information and communications technology...secondly, a special platform has been provided to the US in the backdrop of the formation of the single European market to put up signposts for its medium-sized companies in the direction to cooperation between Europe and the US."

Mood of euphoria. The NRIs from the US were also seen at the various stands of their brethren from India. There was a fairly large contingent of Indian exhibitors, numbering 40, at CeBIT. This figure is actually a decline from the 75 exhibitors at the 1989 show but it was a reflection of a "high degree of stabilisation" after the "Indian partner country show" which was accompanied by a mood of euphoria, maintained S.R. Majumdar, the Calcutta-based regional secretary of the Indo-German Chamber of Commerce. Majumdar whose long-standing interaction with both the Indian and German business communities has given him the experience to understand the idiosyncrasies of the two sides, hit the nail on the head when he spoke of some of the drawbacks of Indian businessmen:"Indians are not aggressive enough in their business approach...they are very passive...you also get the feeling that there is something missing at the Indian stalls which lack aesthetical presentation."

CEBIT: A MEETING GROUND FOR THE COMPUTER WORLD

Some of the Indian software products on display included communication protocols, CAD/CAM, finger print identification systems and foreign exchange management systems — products which hold the promise of finding a good market if developed further. But hardware products like EPABX, Max, Rax, Intel 80386 and 80486 based microprocessor systems, computer peripherals, PC cards etc. made a poor comparison to the large sea of highly sophisticated gadgets presented not only by the traditional industrial countries but also by the "small tigers" — Hong Kong, Taiwan, South Korea and Singapore.

Exposure. India's corporate big-timers like the Tatas, Godrej and Larsen & Toubro exhibited side by side with the not so big ones. Nonetheless, the time and effort invested are certainly worth it in terms of returns, exposure to the latest technology and business contacts. CeBIT is not just a hunting ground for contracts; it is also an important meeting ground for the world's computer industry. Manu M.Parpia, vice-president (electronics business equipment division) of Godrej & Boyce, readily endorsed this view:"We have, as a matter of fact, taken two stalls and we are participating for the second time at the CeBIT and are, naturally, planning to come again next year." Godrej & Boyce, Parpia claimed, had received trial orders for work stations and software worth DM 80,000 — a feat which not everyone could boast of.

Larsen & Toubro's Shailesh Mahajan was "excited" at the business potential of his company's products. "We have received 'solid enquiries' from Germany, Italy and France and I am sure we will be able to conclude business eventually," Mahajan said.

While India has good chances of scoring in the software market, the country must heed the fierce competition offered by other Asian countries, competition which is going to hot up in the future. Complacency would have a fatal impact on Indians who should closely watch Taiwan which is eyeing the lucrative software market in Europe and, particularly, in Germany.

The Asian-Pacific rim, according to Lange (quoted earlier), is a very attractive region though events in Eastern Europe may appear to have optically overshadowed other areas. The importance of the Asian-Pacific region, which includes India, is best demonstrated by the Hanover organisers' decision to hold an Asian version of the CeBIT fair — the CeNIT Asia 1990 — in Hong Kong in September. Many Asians, including Indians, are already making plans to participate in Hong Kong.

■ *Manik Mehta*

NEWS BRIEFS

■ The commerce ministry has stated that those exporters who were granted **trading house certificates** under the 1989-90 exim policy will continue to enjoy the status till the certificates are valid.

■ The government has outlined steps to speed up **export growth** during the eighth plan. According to the 1989-90 annual report of the commerce ministry, exports would be made commercially viable by upgrading industrial facilities and ensuring raw material supplies at competitive prices.

■ Exports from the Santacruz Electronics Export Processing Zone (**Seepz**) have reached Rs 288.23 crores during 1989-90 as against Rs 185.19 crores during the previous year — a 56% rise.

■ During 1989-90, the Bombay Port Trust handled 9.9 million tonnes (mt) of **general cargo** as against the targeted 6.6 mt.

■ The planning commission has proposed to spend Rs 13,000 crores annually on **special employment programmes** in the eighth plan.

■ Out of the total world **mine production** of 95 million carats of roughs (diamonds), India has consumed as much as 56 million carats in 1989-90.

■ The limit of 55 specified airports in the country to operate **air taxis** has been abolished.

■ The Centre has approved the Coffee Board's proposals for rescheduling **repayment of crop loans** availed by coffee growers. Now loans taken in 1989-90 can be repaid in two annual instalments instead of the existing one.

■ The computer software and services exporter can now claim **cash compensatory support** either on a quarterly or half-yearly basis. Hitherto, CCS was paid only after completion of a project which at times took a couple of years.

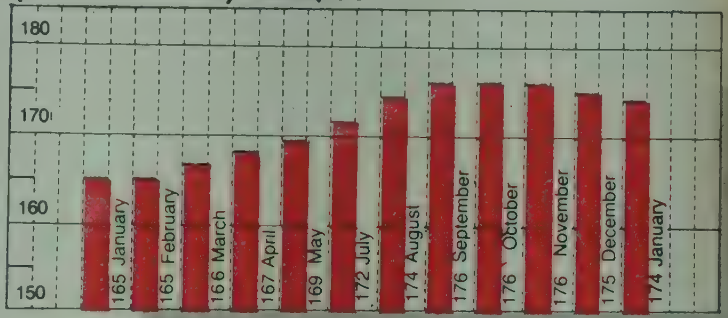
■ For the eighth plan period, **coal outlay** has been fixed at Rs 13,946 crores in order to achieve a production target of 270 million tonnes during the period.

■ The commerce ministry has jacked up the **engineering goods exports** target for 1990-91 to Rs 3,100 crores as against the earlier target of Rs 2,700 crores suggested by the Engineering Export Promotion Council.

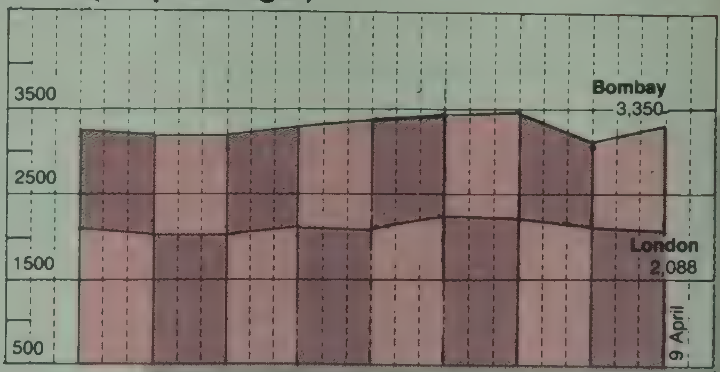
Foreign Exchange Rates (Spot) 1990	9 April (Rs)
One P. Sterling	28.30
One US Dollar	17.19
One D.Mark	10.16
One hundred J.Yen	10.90
One Saudi Riyal	4.64
One Kuwaiti Dinar	59.22

Wholesale Price Index (1981-82=100) 1990

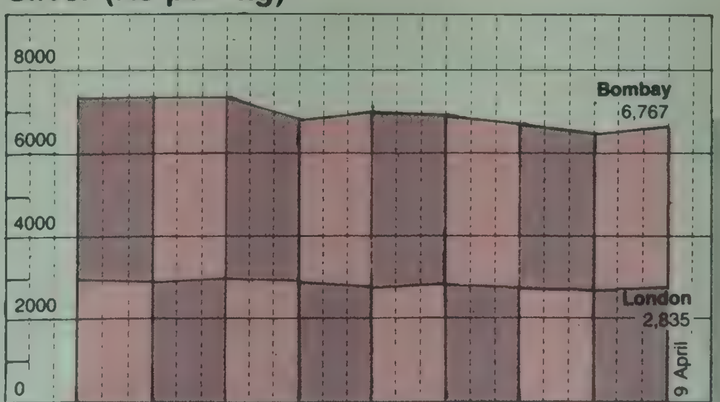
Consumer Price Index for Industrial Workers (1981-82=100) 1989/90



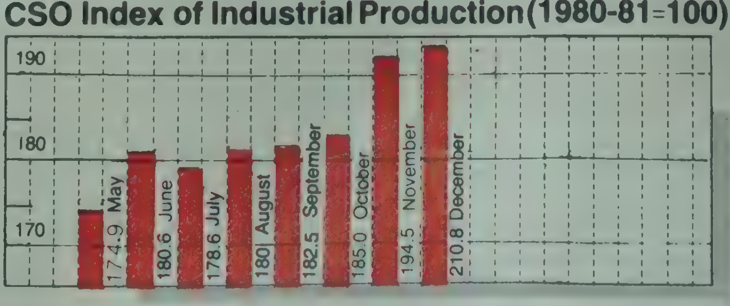
Gold (Rs per 10 gm)



Silver (Rs per kg)



CSO Index of Industrial Production (1980-81=100)



MAJOR FAVOURS THE SMALL

Red ink is splattered all over Britain's companies. Heavy capital investment led to a record £23.4 billion (Rs 63,180 crores) financial deficit last year. Company borrowing soared by an annualised £64 billion during the first three quarters of 1989 — the fastest rise ever. Net interest payments were 69% higher than in 1988, and unit labour costs are soaring. All this means that the investment boom is over. The Treasury reckons that, after climbing 8.75% in real terms last year, fixed business investment will fall by 1% in 1990.

Business failures in England and Wales rose 10% last year, after falling since 1984. The business lobby has been squealing for everything from accelerated depreciation allowances to a Business Development Board to grant cheap loans. In the event, only small firms received a budget fillip.

Threshold raised. Small companies used to pay a reduced rate (25%) of corporation tax on profits of up to £150,000; John Major, chancellor, raised the threshold to £200,000. Firms will no longer pay the top rate (35%) until their profits hit £1 million — up from £750,000. These changes will benefit about 20,000 small firms. Britain now has "the most favourable structure of corporation tax rates for small companies anywhere in the EC," says Major.

The chancellor also adjusted Britain's VAT rules. Until now, firms have had to pay the tax on all their sales, even when customers have left bills unpaid. From April 1991, all written-off debts more than two years old will qualify for relief from VAT. Major also raised the threshold for VAT registration by £1,800 to £24,500, and simplified registration requirements. The annual limit for investment raised under the Business Expansion Scheme was raised to £750,000.

The only big businesses to receive a boost were oil companies: they will be allowed to write off the total cost of shutting down offshore oil fields against any corporation tax incurred during the last three years of a field's working life. Whether, close to the end of its days, an oilfield will produce enough profit to offset the hefty cost of abandonment is debatable.

Convincing goal. Major scored a more convincing goal with Britain's football clubs, cutting the Pool Betting Duty from 42.50% to 40% for five years. The savings — altogether £100 million over the period of the scheme — are to help pay for safety improvements at football grounds. In the nick of time: according to one recent report 80 out of 92 league clubs are technically insolvent.

The chancellor made business contributions to Training and Enterprise Councils (TECs) tax-deductible. TECs are private sector-led bodies that will be responsible for providing or coordinating training programmes in their area. Eventually, all 16-year-olds will be given a voucher to spend on a programme of their choice. This scheme has drawbacks. For starters, demographic trends are against it. The number of people aged 16 to 19 will

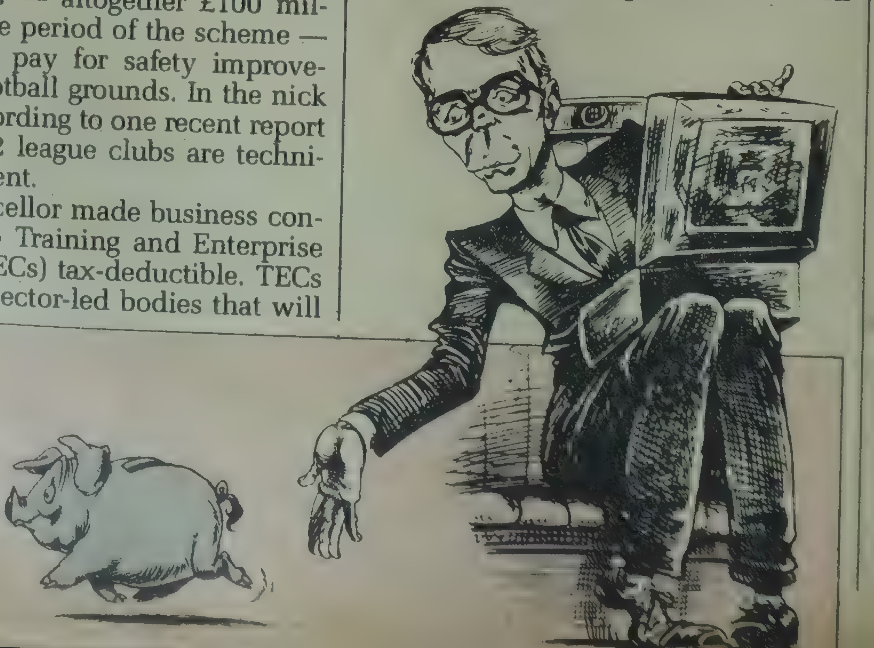
BUDGET BANTER

Foreigners must wonder — and this year more than usual — why the British budget causes such a fuss. Every spring Britain faces an avalanche of punditry before, during and after the not-so-great event. This year, for the first time, live television coverage of the chancellor's speech had 3 million people absorbed in details of complex restructurings of VAT reliefs. In America, a sensible country, the president would expect his budget to be top of the evening news only on a very slow day. France, West Germany and Japan have an even better arrangement: no "budget day," as such, at all. Is this the secret of rapid growth and low inflation?

A spending proposal. To be fair, Britain's budget does matter more than most — even though, unlike the others, it is concerned with gathering revenue rather than spraying it around. America's budget is a mere spending proposal, usually intended for instant rejection. The documents travel from printing press to wastepaper basket in one uninterrupted motion. Other countries' budgets are less frivolous than America's, but the process is stretched out and therefore less exciting than Britain's. Oddly enough, many parliaments expect to modify government plans, which takes time.

Britain's is content to debate it all after the decisions have been made, and then pass the lot virtually unamended. Even the protection of the House of Lords is lacking, thanks to a spot of bother Lloyd George had in 1911. Their lordships cannot amend the finance bill.

Britain's eccentricity is not entirely harmless. This year City pundits, working hard to get themselves quoted in the media, bid up their idea of a suitably tough budget. In the space of a few weeks they went from favouring broadly no change in taxation (which is what the chancellor gave them) to yearning for the rod — in one case a tax rise of £5 billion-10 billion. Budget palaver and acute short-termism seem to go hand in hand. — *The Economist.*



fall by about a quarter by 1994. Employees who are already earning good money will see little point in spending their vouchers. Worse, the course which training agencies are likely to offer will be narrow: typing for secretaries, plumbing for plumbers. Tomorrow's job market is more likely to need flexible workers. — *The Economist.*

THE GRATEFUL DEAD

"They're laughing all the way to the funeral," said one corporate wit. This unpleasant humour was prompted by the stockmarket's reaction to the death from heart failure on 18 March of Roland Berner, the 80-year-old chief executive of the Curtiss-Wright precision engineering company. The day after the announcement of Berner's death, on the evening of 19 March, the price of Curtiss-Wright's shares rose $7.50 to $59.50 on hopes that some or all of Curtiss-Wright may now be sold. "It's a very morbid reaction," said a company spokesman.

Growing trend. It is also part of a growing trend. The shares of Campbell Soup jumped $4.87 to $38.25% when John Dorrance, the retired chairman and son of the founder of Campbell Soup, died last April at the age of 70. Colleagues described Dorrance as a gentlemanly, compassionate man with a lot of moral commitment. Industry analysts were more interested in the fact that he controlled enough shares in the world's biggest soup maker to veto any takeover bid. They hoped a row between his sisters and his cousins and his aunts would make the company less acquisition-proof. Members of Dorrance's extended family have indeed disagreed in public over whether or not the company should be sold. Quaker Oats has expressed an interest in buying it. So far, Campbell remains independent.

Occidental Petroleum is another "death-watch company." The shares attracted buyers when Occidental's 91-year-old boss, Armand Hammer, slipped in the bath three years ago. Speculators also think that Peter Grace (78), head of the conglomerate W.R. Grace, and Lew Wasserman (77), chairman of the MCA entertainment business, might be more valuable to their companies dead than alive. Investors rushed into the shares of the

Amerada Hess oil company when they heard that its chairman Leon Hess (75), had gone to hospital. They rushed out again when they learnt that the patient was not Hess, but his wife. — *The Economist.*

WITHIN SMOKING DISTANCE

Driven by rising health consciousness in the West, multinational cigarette companies are shifting their gaze more than ever to Asian markets. And little wonder: though cigarette consumption is dropping 1-2% annually in North America and is flat in Western Europe, growth in most Asian countries continues little affected by the anti-smoking movements that threaten to bring the tobacco industry to heel in the West.

But cigarette giants Philip Morris and R.J. Reynolds Tobacco of the US and British-American Tobacco (BAT) of Britain as well as other companies are finding that securing new beachheads in the diverse markets of Asia — far from the walkover some industry executives had expected — means doing battle with reluctant governments, tobacco monopolies, smugglers and even patriotic resistance to foreign brands.

Profitable inroads are being made, though stiff resistance from threatened monopoly agencies is making for tough going. Foreign cigarettes have grabbed a 14% market share in Japan, the largest market in Asia outside of China and Taiwan. In South Korea, they have managed only 4.5%, which perhaps is not bad considering how many South Koreans believe that smoking locally made cigarettes is an affirmation of their nationality.

But even small market shares translate into big bucks. Overall cigarettes sales in Japan alone are worth $23 billion. In Taiwan, the figure is $1.38 billion, and in South Korea, almost $3.5 billion. Multinational cigarette companies do not disclose regional breakdowns of global sales, but they acknowledge that Asian sales account for a rising proportion of their revenues and profits.

Rapid growth. Another feature of Asian markets that attracts foreign interest is that cigarette consumption, propelled by the region's rising affluence, is growing rapidly. Thailand's 8% growth rate, South Korea's 7% and even Taiwan's more sober 2% are enough to overcome disappointment that Japanese are following western smoking consumption trends on their downward course.

Or consider smoking rates: only one-third of American men smoke and even fewer women, but 61% of Japanese men have the tobacco habit. In South Korea, more than 75% of men smoke, one of the highest rates in the world. Smoking rates for Asian women are low, but they are rising.

In addition, smoking foreign cigarettes holds a special appeal in some markets, particularly for young people. As a result, Philip Morris' Marlboro or R.J. Reynolds' Winston, Camel or Salem brands are well-positioned to capture the loyalty of future smokers.

Just as alluring for multinational cigarette companies is the fact that outside of free-trading ports — such as Hongkong and Singapore or the Philippines and Malaysia, where local licensees or affiliates of US and British cigarette makers have long ruled the roost — foreign brands remain a minority presence in the market. This translates into huge growth potential.

The involvement of these multinational companies in the region stretches back several decades, and in the case of BAT, to the beginning of the century. Yet the action has heated up only in the past three years. One market after another has been prised

open, as cigarette manufacturers won powerful US government backing in their fight for new markets. The threat of US trade retaliation enabled US and British cigarette manufacturers to enter the previously untapped monopoly markets of Japan, South Korea and Taiwan.

While top US health authorities and others have criticised the policy of supporting cigarette and other tobacco product exports, pragmatic, trade-oriented thinking has so far carried the day. As tobacco lobbyists point out, the total contribution to the US-Japan trade balance in 1989 resulting from US tobacco leaf and cigarette exports was $1.17 billion. Across Asia, the numbers are bigger still and promise to grow quickly in the future.

Thailand is the next monopoly country in the firing line. US cigarette exporters, in a pending petition to the US government requesting action to force open the Thai market, projected an eventual 25% share of the country's $1 billion market. It is only a matter of time until a combination of bilateral and multilateral pressures force the Thais to open their borders to legal, as opposed to smuggled, foreign cigarettes.

Rules of the game. In the non-monopoly markets of Southeast Asia, notably Malaysia, the Philippines and Indonesia, the rules of the game are different. A combination of high import duties, limitations on foreign ownership of cigarette manufacturers or enforced licensing of foreign brands to local companies do the job of protecting local interests in these countries.

From the regional headquarters of multinational cigarette companies in Hongkong, the biggest market in the world, China, lies within easy view. Smokers in China puff 1.5 trillion cigarettes a year, or 30% of worldwide consumption. By comparison, the US market amounts to about 525 billion sticks, and the Japanese slightly more than 300 billion.

Easy view, however, does not mean easy reach. "The real growth in the Asian-Pacific region will eventually come out of China, where we've got virtually no access at present," says Raymond Donner, R.J. Reynolds Tobacco International's vice-president for public affairs.

Donner and other cigarette executives point out that China National Tobacco Corp. (CNTC) limits foreign access in China to sales in Friendship Stores, international hotels and airport duty-free shops, plus a few other outlets that will sell foreign cigarettes to locals with foreign exchange certificates. To make things more difficult, China imposes duties in excess of 200% on the cigarette imports it allows into the country.

Hopes of a much wider access in China for foreign cigarette companies do not seem likely to be realised any time soon. But that does not stop some company managements from dreaming. "Even a 1% share of that market would be something worth having," one executive says. (This would amount to 15 billion sticks, or almost half the size of the entire Thai or Taiwan cigarette market.) — *Far Eastern Economic Review.*

ROBOT AUTOMATION

Automation in car manufacturing improves, it seems, by the week, with robots taking over more functions and computer-controlled flexible systems permitting a greater mix of models on a single line.

However, every so often an important advance changes the manufacturing process. Toyota's discovery in the early seventies, for example, that the giant dies used in stamping body parts could be changed in under five minutes instead of eight hours made flexible stamping possible.

Nissan Motor appears to have a similarly important development with its Intelligent Body Assembly System (IBAS), announced last November and recently unveiled at its Zama plant 22 miles south west of Tokyo.

The assembly of the seven or eight panels that form the body of a car was one of the first parts of auto assembly to be automated, and the process remains one of the most striking images of the modern car factory. The panels are held in jigs while dozens of robots spot weld them together into a single car frame.

The problem with this system is that, although it is totally automated, it is also rigid. There is a limit on the numbers of jigs and spot welding robots that can be installed in a single line. Moreover, when it's time for model changes, the jigs have to be replaced, a time consuming and expensive process.

Jigs replaced. Nissan's achievement has been to replace the jigs with numerically controlled handling robots which can be programmed to pick and place body parts from any number of car models and types in a fraction of the time it takes to retool a conventional system.

In addition, it has introduced a numerically controlled sensing system which, for the benefit of the spot welding machines, identifies the exact location of the body as it comes along. Thus, even minute changes in positioning due to wear on contact points can be compensated. The control computers also monitor all the equipment and diagnose failures.

The IBAS line at Nissan's Zama plant consists of 10 stages, two of which are idle, providing additional flexibility. At the first stage, the floor panel descends to the carrier dolly. At the third, the side panels, air box and parcel shelf are dropped into place and at the fourth the roof drops in, holding the whole frame together loosely. The frame then moves into the most complicated station where

the locator sensors emerge to set precisely the position of the various panels and then direct robots where to do the bulk of the spot welding. A second body accuracy measurement is carried out at the sixth station and then final spot welds added.

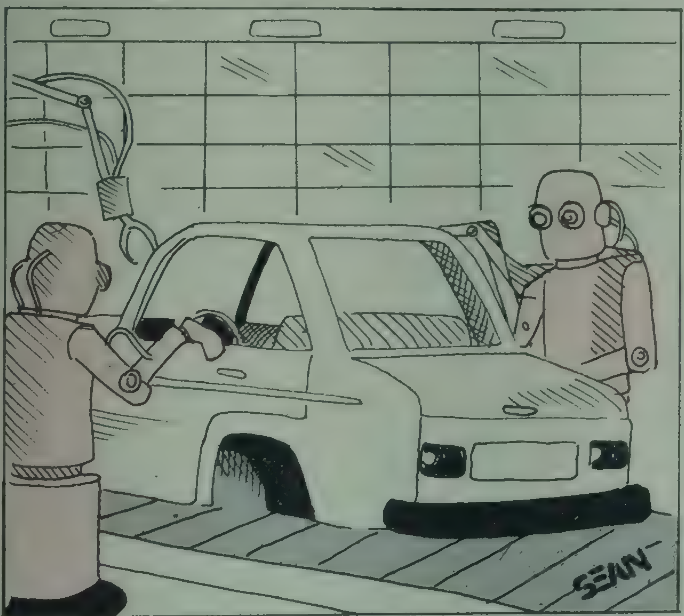
Not cheap. IBAS is not cheap. Nissan officials say it took them five years to develop and costs between ¥1-2 billion (around Rs 11-22 crores). Also, the payoff will not come in a hurry. In the ordinary production environment, it has few obvious advantages over conventional systems. The body assembly process is not a critical bottleneck in car production so the new system will not reduce assembly times.

Moreover, even though a company could theoretically assemble every size and shape of body from a Mini to a Rolls Royce in a single IBAS line, few would assemble more than eight model types in a single factory, and that amount of flexibility can be accommodated in conventional systems.

The big payoff comes when the company wants to change models at its assembly plants. This comes in two forms:

■ Existing production programmes can be adjusted more easily to changing market conditions. Nissan is finding that demand in Japan for its Sunny model is exceeding its ability to produce them at the Zama plant. Thanks to the installation of the IBAS system at its Kyushu plant, the company merely has to transfer the programming from the IBAS at Zama to the one at Kyushu and change some minor fixtures on the Kyushu line. It will be able to begin Sunny production within three months. If it had had to retool a conventional body assembly line, it would have taken 10 to 11 months.

■ The introduction of new models can be carried out more quickly and with a significant decrease in cost. Nissan says that the capital cost of introducing a new car body is about ¥4 billion, of which ¥1 billion to ¥2 billion is consumed by changing the tooling in the body assembly process. Thanks to IBAS that cost almost disappears, and is replaced by the more modest cost of reprogramming the system. Also, much of the data for that programming will come from the computer-aided design and engineering process. Tsuneyuki Hane, general manager of the Zama plant, estimates the cost reduction for a model change at about 50%.



Whether the system will have other implications in the car production or marketing processes remains to be seen. Nissan plans to install the system in most of its factories, in Japan and also overseas.

When the company first announced the IBAS system last November, it said one of its main purposes was to improve the quality of body assembly. Officials said the greater accuracy of spot welding would contribute to a quieter ride with less vibration. "The IBAS system is intended to assure premium quality befitting the luxury sedan status of the Infiniti Q45 while providing the benefits of a flexible manufacturing system," it said in a statement.

Officials at the Zama plant, where the system is being used on the more modest Sunny, were less willing to make such claims, perhaps because many Sunny bodies are still being welded together on a conventional line. "It is very difficult to talk about the measurement of quality, but thanks to this system, body accuracy will be consistently maintained. But we do not think quality is inferior using the old system," Hane said. — *Financial Times.*

NEWS BRIEFS

■ **PepsiCo Inc.** is gearing up to add a lot more fizz to its products in an attempt to topple leader Coca-Cola. It is spending $1 billion over five years to upgrade its various functions. It has also outlined a strategy to target certain fast-growing market segments such as diet soft drinks and fountain and vending machines.

■ Telephone users around the world are being overcharged by more than $10 billion a year for making international telephone calls as a result of cartel-like arrangements between the world's **phone companies** which keep prices at an artificially high level.

■ **SmithKline Beecham,** the Anglo-American drugs and consumer goods company, has sold Ambrosia, Marmite and Bovril — the venerable British nutritional brands — to CPC International of the US for £157 million (Rs 424 crores).

■ Australia & New Zealand Banking Group Ltd. (**ANZ group**) plans to merge with the National Mutual Life Association of Australasia Ltd. If the marriage comes through, it will be Australia's largest financial concern with assets exceeding $170 billion (Rs 2,26,950 crores).

■ **Hitachi** of Japan has decided to appeal against a US court ruling that one of the company's microcontrollers infringes on patents of Motorola, the US Communications Co.

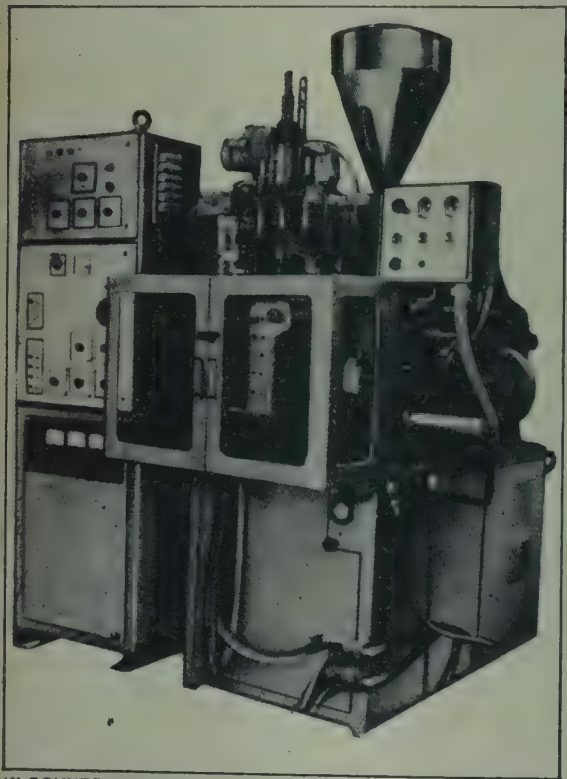
■ **Perrier Water** has returned to the shelves of Britain's supermarkets after a six-week absence, confident of restoring its marketshare.

■ **Yugoslavia** has opened its second stock exchange, in the northwestern city of Ljubljana.

■ **Havas**, the French advertising and publishing group, has acquired Scac Voyages, the tourism division of the Bollore group, creating a travel group with around 500 points of sale and a FFr 6 billion turnover.

MARKET LAUNCHES

Bombay-based plastics processing machinery maker, **Klockner Windsor India** has introduced the model KBM 500 which enables production of plastic containers and other blow-



KLOCKNER WINDSOR'S BLOW-MOULDING MACHINE

moulded articles of upto 500 ml volume capacity. The company offers a range of blow-moulding machines to make containers from 25 ml to 50 litres capacity. Along with the KBM 500, the company is offering optional attachments like twin parison head, saline bottle attachment, needle blowing etc. It can be used to make packaging for shampoos, cosmetics, hair oil, tablets etc.

For further details contact: Klockner Windsor India, E-6, U2 Road, Wagle Industrial Estate, Thane 400 604, Maharashtra.

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This one is for car-owners. **Engineering Specialities Mfg.Co.**, a Bombay-based outfit, is offering an electronic ignition system styled

Maksparks. The company claims that Maksparks helps lower pollution and improve fuel-efficiency. In conventional ignition systems,contact-breaker points get pitted and burnt frequently. Consequently, the tuning up of the engine deteriorates causing power loss and excessive pollution. Maksparks electronic ignition, claims the company, has been designed to minimise the damage to the contact-breaker points. The cost per unit is Rs 600.

For further details contact: Engineering Specialities Mfg. Co., 207, Hammersmith Industrial Estate, Off Sitladevi Temple Road, Mahim, Bombay 400 016.

* * * * * *

Profeel Sentinel Ltd., a Delhi-based company is offering a waterproofing and insulating material styled Profeel for rooftoops. Made of expanded polyethylene, Profeel has a thermal conductivity value of 0.023 kcal/m/hr/C. It is antifungal, flexible, light and is available in thickness from 1-100 mm with the width varying from 1.2-1.5 m. It is available as either long rolls or sheets.

All one has to do is lay a 6 mm thick single layer of Profeel for waterproofing, and a 12 mm thick double layer for both waterproofing and insulation. This is then covered with bricks or tiles using cement. The company claims that the treatment is ideal for industrial roofs.

For further details contact: Profeel Sentinel Ltd., Universal Bldg., 2/2A Asaf Ali Road, New Delhi 110 002.

* * * * * *

Wipro Systems Ltd. (WSL) has launched the Instaplan Trial Pack. A hot product overseas, Instaplan II, designed by WSL, is a project planning, monitoring and presentation tool. WSL wants to give customers an opportunity to try out the utility of the Instaplan II software package; therefore, the introduction of the trial pack. The price tag: Rs 295. In the process, WSL has become one of the first companies in India to offer a trial pack for a software package.

For further details contact: 40/1A, Lavelle Road, Bangalore 560 001.

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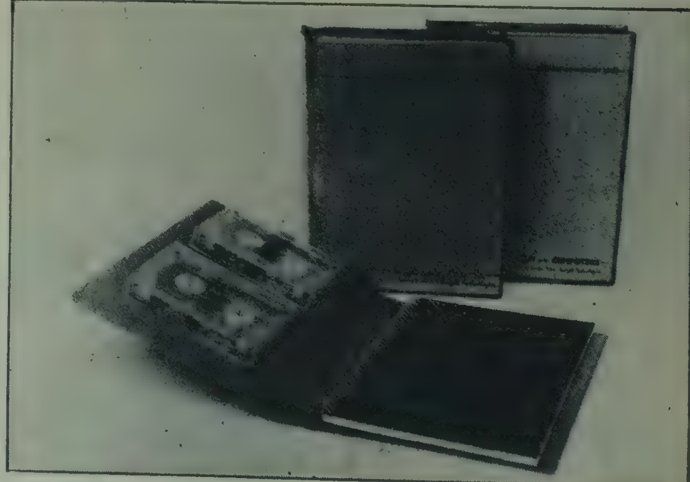
Insight Technologies Pvt.Ltd., a Bombay-based company run by computer professionals has launched a series of talking books for individuals wanting to become computer-literate. Each talking book consists of audio cassettes and a reference guide with a graphical presentation of the topic concerned. Topics are covered in a step-by-step approach— covering the concept behind each operation followed by instructions on how to do it. Besides, according to the company, common pitfalls beginners normally encounter are indicated followed by solutions to the problem. Currently, three talking books are available: Insight into computers, Insight into MS-DOS (both priced at Rs 150) and Insight into Lotus 1-2-3 (Rs 180).



INSIGHT'S TALKING BOOKS

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THE FOX & THE SHEEPDOG

As long as he was there, the stockmarkets never lacked adrenalin. Now, with the exit of Manohar Jethanand Pherwani as chairman of the Unit Trust of India (UTI), the pulse is already returning to normal. "The big bull is gone," notes Sundar Iyer, a Bombay-based broker not without a hint of disappointment. And the question on everyone's lips is: what is the kind of stockmarket Surendra Ambalal Dave, Pherwani's successor, will preside over?

Three vital areas of divergence, both in approach and temperament, are already discernible.

■ **The fox has been replaced by the sheepdog.** Pherwani played his own games in the market, his driving ambition being returns to his investor. To achieve that Pherwani played shrewd bull. "He was the bugbear of market bears", remarks Ebrahim Rangoonwalla, a Bombay portfolio manager. On the other hand, Dave's basic instincts are regulatory, perhaps moulded by his recent role as first chairman of the watchdog Securities & Exchange Board of India (Sebi).

■ **Stability is the ruling spirit now.** Pherwani made no bones about the fact that he enjoyed volatility.

"We are bargain-hunters. We thrive on crisis," he told *BusinessWorld* in an interview last year (See *BW* 2-15 August, 1989, p. 54). Dave is just the opposite. "Stockmarket volatility will not benefit any mutual fund," he says. And true to form, on 4 April when several scrips flared up, Dave (UTI) was busy selling scrips like Tisco, Telco, Indal, ACC and Century to douse the fires. The fireball spirit of Pherwani has been replaced by the coldcompress syndrome.

■ **The academic has stepped into the achiever's shoes.** Pherwani was the mover (his detractors go as far as to call him a manipulator), the man who got things done with the help of friends in Delhi. Not long after he took over the reins at UTI in January 1984, he aggressively sold units to the corporate sector by tomtomming the advantages of section 80 M of the Income Tax Act, which exempts 60 % of the dividend received from UTI from tax. On the other hand, Dave is the quiet, non-controversial type, far removed from the hype of the marketing world. Clearly, the markets will miss Pherwani, even though not all marketmen have a good word to say about him. Some believe he played favourites while doing business with brokers, others believe he struck up cosy deals with company managements before public issues to get preferential allotments for UTI (eg. India Glycols, JCT), and more recent revelations indicate that Pherwani was a key player in the Larsen & Toubro takeover caper of the Ambanis (See following story). But no one denies that Pherwani spelt excitement for the markets.


PHERWANI WAS A PLAYER

The reason for this was simple: Pherwani understood markets. "He had market liquor in his blood," remarks M.M. Gandhi, assistant manager (investments) of the UTI who worked with Pherwani on overseas projects. Not surprising for a man who began his career as an investment analyst at New India Assurance in 1957-58. Perhaps, that's what made him a fervent believer in stockmarket fundamentals as his guiding principle in investment. "He shunned chartists", says a UTI insider, referring to Pherwani's dislike for more esoteric types of investment analyses.

But investment acumen was not the way he built up UTI into a market megalith. Rather, it was his shrewd marketing of UTI's various unit schemes that swelled his kitty and clout. And this was achieved largely by selling the Unit Scheme 1964 as a tax shelter for the corporate sector (under s. 80 M, the dividend income of units is exempt upto 60% from tax for corporate bodies). On a smaller scale, he flagged off customised close-ended schemes (the monthly income schemes, the growing income unit schemes, the Children's and Parent's gift growth funds) to home in on niche markets. Not for nothing was he voted among the country's top 5 CEOs in a *BW* poll (See Cover Story, *BW* 29 March-11 April, 1989).

The figures tell their own story: UTI's investible corpus swelled 12-fold from just around Rs 1,260 crores in 1983-84 to an estimated Rs 15,000 crores. Quite an achievement in just 7 years. "The credibility of UTI is so high now that the Trust is assisting and advising an Asian Development Bank (ADB)-sponsored project to develop capital markets in Indonesia", says a UTI official.

Back home, of course, Pherwani's UTI ruled the roast. He used UTI's crores to advantage in the country's less-than-perfect stockmarkets, making the lesser fry wince. And Pherwani, in due course, collected a formidable (but mute) band of detractors who griped at his support for favoured brokers, favoured scrips (Reliance, Oswal Agro), his alleged ef-

forts to push the market down so as to pick up blue chips when they are down, and his cadging of preferential allotments from companies in share issues.

Pherwani just smiles at these allegations, refusing to defend himself. His reason: he doesn't want to spoil his chances of bagging a top slot in another public sector organisation. "I'm very much a part of the system and a diehard public sector man," he says.

His successor at UTI, Dave, is not new to the public sector either, his career spanning over two decades in the financial institutions. "Dave is a low-profile man," says Ushakant C. Dixit of Sebi, the organisation Dave helped found. Perhaps that is what drew him to the quiet world of the public sector institutions in 1968 after a two-year teaching stint at the Rensselar Polytechnic Institute, USA. Before that he had obtained a PhD in Economics from Bombay University and a Masters from the University of Rochester, New York.

His career in India began with the economics department of the Reserve Bank of India. In 1972, he moved to the Industrial Development Bank of India (IDBI), and became executive director in 1978. He continued there till Sebi was set up in 1987.

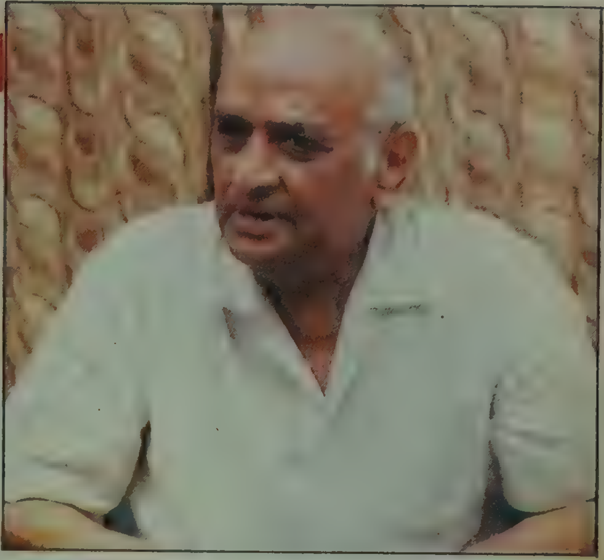
What kind of a man is the new UTI chairman? Can he continue to match Pherwani's scorching pace to lead the organisation to greater heights?

"He is more a regulator than an player", suggests broker Sundar Iyer (quoted earlier). But Dave is not new to the investment game either. Says G.S.Patel, Pherwani's predecessor at UTI: "At IDBI, as executive director in charge of project finance, rehabilitation finance, development financial institutions, etc., Dave acquired considerable experience in fund management." Besides, Dave was a member of the high-powered committee on stockmarkets headed by Patel, and has had stints on the board of UTI itself and as advisor to UTI's Mastershare mutual fund.

To be sure, with the kind of money power Dave has inherited, the UTI's clout can never be small. But where Dave's mettle will be really tested is in his ability to market the Trust's various money-garnering schemes. "The India Growth Fund (the UTI's US mutual fund) got off because Pherwani spared nothing to promote it, and that included some 15-and-odd roadshows in the US and aggressive marketing with the aid of US investment banks," says Gandhi (quoted earlier). Is Dave upto it?

Patel has no doubts on that score, especially given the huge money muscle of UTI. "With the kind of money the UTI has now, anybody can achieve growth. Anybody can turn a bull". Seen in this light, UTI's growth under Pherwani looks less spectacular, especially since the stockmarkets were just in the process of taking off in the mid-eighties. As Patel sees it, there was nowhere for the UTI to go but up. Which it did under Pherwani. But Patel is not sure that all of it was sound growth."Thanks to state protection, s. 80 M, and changes that let UTI mobilise funds from the corporate sector, the organisation is now a parking lot for temporary funds and a corporate tax shelter", he says.

WILL DAVE BE JUST A REGULATOR?



UTI IS JUST A PARKING LOT FOR CORPORATE MONEY, SAYS PATEL

Apart from ensuring that the funds stay parked with UTI, Dave will have to do a bit of cleaning up within UTI itself. UTI's 1988-89 annual report was peppered with auditors' qualifications on missing share purchase contracts, unprovided for depreciation, and unreconciled figures about stocks physically held. But Dave's central challenge will be to see that UTI's bottomline stays robust, Pherwani or no Pherwani. "My priority is to maintain continuity and follow sound portfolio management principles," says he. "The UTI has a very professional team and I'm sure you will not be disappointed with its performance this year", he adds.

An additional priority with Dave is to make mutual funds a vehicle for the small investor rather than the big daddies. "I want to bring a larger section of small and rural investors to the capital markets", says Dave.

And for that, Dave will have to make the stockmarket look safe and stable, and not a gambling den prone to massive shifts in prices. He gave enough indications of that when he sold several blue chip scrips to cool down the market, leading marketmen to dub this action the "Dave effect". Says Chandra Mouli, a portfolio manager: "With Pherwani at the top, such corrective action could not have been imagined".

Dave himself is clear about the need for market stability to instill confidence in the small investor. "I'm more concerned about protecting my 5.4 million unitholders and small shareholders", he says.

That he may well accomplish. The only pity is that the markets may be a slightly less exciting place than before.

■ *A.H.Ghani*

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THE AMBANIS

TACTICAL SURRENDER

Dhirubhai Ambani has stepped down as chairman of Larsen & Toubro. But this compromise still leaves him with a toehold in the company. It may be a setback for Mr Ambitious. But it is certainly no defeat

From bluster to partial surrender, it took them less than three weeks. On 2 April, when the Life Insurance Corporation (LIC) challenged the Ambanis to an armwrestle over Larsen & Toubro (L&T), it seemed as if a war was on in which the all-powerful government was taking on the almighty Ambanis. The challenge, it seemed, had also been accepted. Said Anil Ambani, executive director of Reliance Industries Ltd. (RIL) and director of L&T, a couple of days before the latter's crucial board meeting on 19 April: "We have no choice but to battle it out."

But on 19 April, there were no war drums barring the ones Dhirubhai Ambani chose to hear. Said he in a statement: "The country is facing serious challenges at this juncture. War clouds are hovering on the border. (Thus) it is all the more imperative that we (i.e. the government and the Ambanis) work in harmony."

If Ambani wrapped himself in the national flag to sue for peace with the government, on the L&T front it was the white flag all over. After a few rounds of hectic confabulations in Delhi and Bombay, on 19 April, when the board was to consider the LIC's notice requisitioning an extraordinary general meeting of the company's shareholders to remove the Ambanis, the latter saved them the trouble. Dhirubhai resigned from the board, and nodded discreet assent to the induction of D.N.Ghosh, former chairman of the State Bank of India (SBI), in his place. For their part, the institutions agreed to a *quid pro quo* and withdrew the requisition notice, enabling the other three Ambani nominees to stay on board, though Mukesh Ambani had to shed his vice-chairman title.

Who won, who lost?

The answer is perhaps neither. For the institutions, which held all the high cards and could well have won, the honourable draw offered to the Ambanis doesn't look like victory. For the wily Ambanis, the surrender is more tactical than real. They live to fight another day, having foiled the institutions' earlier objective of settling for nothing less than ouster — lock, stock and barrel. Only shareholders lost: on the day truce was announced, L&T's shares crashed to the seventies.

But there is no gainsaying that the Ambanis have lost face, especially in view of the early signals they were sending to everyone within earshot that they would fight to the bitter end. "We are fighters," said a top Ambani source just a few days before the L&T board meeting. Why did the fight go out of them all of a sudden?

The main reason: the institutions were clear winners even before the fight had begun, given their high shareholding support. "We are supremely confident," asserted M.G.Dewan, managing director of the LIC, soon after the corporation precipitated the battle by sending in an EGM requisition after All Fools Day to remove all the Ambanis — and one Ambani nominee — from the company's board.

For the Ambanis, this was no fooling matter. And not only because the financial institutions collectively held around 37% of L&T's equity, far more than what the Ambanis themselves were estimated to hold. L&T is not just another company whose loss the Ambanis could take in their stride as one of those things that could happen to any businessman. In fact, on their precarious perch in L&T depends their future. Consider:

- **The Hazira petrochemicals project is dependent on L&T.** The Ambanis have already raised funds several times for bankrolling their petrochemical ambitions: twice in their flagship RIL itself, once through Reliance Petrochemicals Ltd. (RPL) and, more recently, through the L&T mega issue which is to offer suppliers' credit for the RPL project. "If the Ambanis lose L&T, I'm afraid they will have no alternative avenues left for financing the full Hazira project," said a top L&T source.
- **The loss of L&T entails a financial**

L&T TAKEOVER CHRONOLOGY

January 1988: Chairman Nikki Desai takes the L&T board into confidence and apprises it on the developing situation.

May 1988: BoB Fiscal is born as a private limited company, wholly owned by Bank of Baroda.

June 1988: BoB Fiscal becomes a public limited company.

July 1988: Manu Chhabria goes on an L&T share buying spree and ends up being the second largest non-institutional shareholder. The L&T share crosses the Rs 100 mark.

August 1988: L&T shares rise again, fuelled by reports that the Ambanis are buying into the company. Reliance Petro concludes a Rs 300 crore contract with L&T. At about the same time, BoB Fiscal gets Rs 30 crores as deposit from the Reliance group and its trade associates and buys 33 lakh shares of L&T from UTI (10 lakhs) LIC (9 lakhs) and GIC (14 lakhs). Both the Chhabrias and the Ambanis deny rumours of a takeover bid.

September 1988: Towards the close, L&T's board decides to invite two Ambani representatives, Mukesh Ambani and M.L. Bhakta, to join its 17-member board. Meanwhile, the Ambanis continue to mop up L&T's floating stock and reportedly hold 12.5% of L&T's equity.

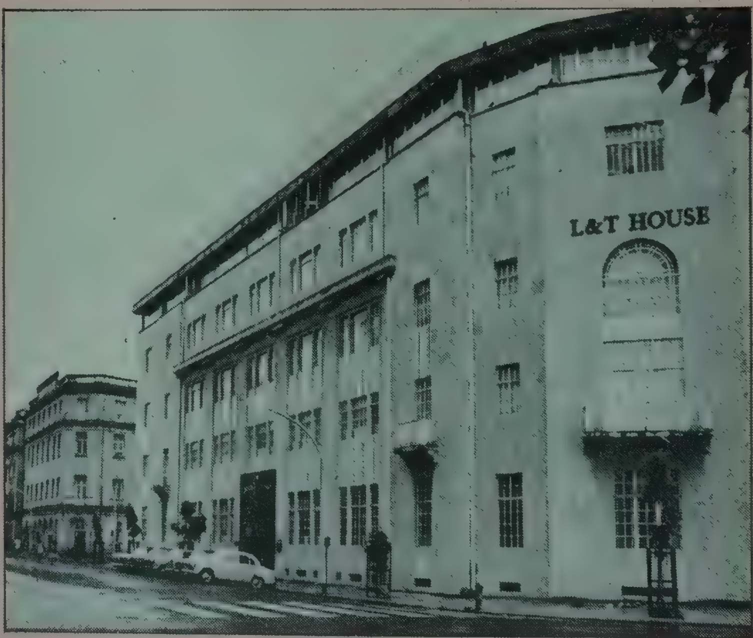
October 1988: L&T's shares acquired through BoB Fiscal are transferred to Trishna Investment & Leasing (P) Ltd. (TIL) and Desai officially invites Mukesh Ambani and M.L. Bhakta to join L&T's board. L&T vice-president S.R.R. Subramaniam is elevated to the chair of president and managing director of the company.

December 1988: Mukesh Ambani is appointed vice-chairman and Anil Ambani is invited to join the board. Towards the close of the month, Reliance subscribes to 3,300 shares of TIL, about 75% of the latter's equity.

January 1989: LIC sells an additional 6 lakh shares to BoB Fiscal, which unloads a total of 39 lakh shares comprising 6.5% of L&T's equity to TIL. UTI buys a substantial chunk of L&T's equity from IDBI.

April 1989: Desai resigns from the L&T board and on the 28th, Dhirubhai Ambani is elected L&T's chairman. U.V. Rao is brought back as CEO.

June 1989: BoB Fiscal purchases Reliance shares at Rs 131 apiece valued at Rs 65 crores.



July-August 1989: L&T proposes a Rs 920 crore mega issue of convertible debentures. *Indian Express* blows the lid off the affair by stating that after the mega issue, institutional holdings in L&T will dip to 26% and public holdings to 16% while the Ambanis' holding will rise to 32%. Later the issue size is pruned to Rs 820 crores in an EGM which drops a controversial resolution seeking to empower the board to borrow or lend Rs 1,000 crores.

September 1989: The L&T issue is challenged by Haresh Jagtiani and Shamit Mazumdar, a Bombay-based lawyer and chartered accountant respectively, in the Bombay high court. However, Justice V.S. Kotwal dismisses the petition stating that L&T is not an Ambani group company. The court upholds the transfer of L&T shares by BoB Fiscal and the consent of the controller of capital issues to the mega issue.

October 1989: An appeal is filed in the Supreme Court against the high court's verdict. All cases relating to the L&T takeover and the mega issue in other courts are transferred to the Supreme Court. The court accepts TIL's offer to sell back L&T shares to the institutions.

November 1989: The petitioners aren't satisfied. They now want an EGM to decide whether the Ambanis should continue on L&T's board or not. The court is yet to give its ruling.

December 1989: The National Front government begins to act decisively: financial institutions clamour for larger representation on the L&T board and BoB Fiscal chairman and managing director Premjit Singh is asked to go on leave. Y.H. Malegam resigns from L&T's board.

March 1990: UTI chairman M.J. Pherwani is asked to proceed on leave.

April 1990: LIC issues notice to the Ambanis and their nominee, M.L. Bhakta, seeking the holding of an EGM and replacing them on L&T's board with their nominees.

Later, at the L&T board meeting on 19 April, Dhirubhai Ambani's resignation accepted both as chairman and from the board. Mukesh Ambani also steps down as vice-chairman. LIC withdraws notice calling for an EGM.

loss to the Ambanis as well. Since a lot of RIL and RPL money (reportedly as much as Rs 200 crores) has been sunk in purchasing a 20% plus stake in L&T from the market, loss of the company means this money will remain a dead investment. (If they dump the shares, the scrip could crash.)

■ **Above all, the biggest loss is to the credibility of the Ambanis.** If the Rs 820 crore mega issue is revoked or reworked (either by the L&T board or the courts, where a legal tussle is on), it would be a severe defeat for the Ambanis. And that's because the central rung in the Ambani gameplan for mega-growth has always been investor confidence and their ability to sell bits of paper to investors in the form of convertible bonds. If Ambani scrips tumble when, and if, they lose control of L&T, investor confidence could evaporate, putting a stopper on their growth plans.

It's already happening. On 10 April, RIL and RPL were quoting at pathetic prices of Rs 63.50 and Rs 25.50, a far cry from their 1989 highs of Rs 190 and Rs 55 respectively. The L&T share was, of course, perkier — for obvious reasons. But the share was already lounging well below Rs 100 around mid-April after skyrocketing to Rs 122 on 4 April following talk of the Ambanis and the institutions shoring up their shareholdings through market purchases.

But hefty market purchases were not on, if for no better reason than that shareholding arithmetic militated against that. With the institutions and Ambanis between them bottling up over 60% of the shares, there was less than 40% lurking elsewhere. Of this, around 7% could have been with commercial banks in the form of investments and collateral, another 2-3% with the Chhabrias, and significant amounts with various Parsi trusts. That left around 20% sloshing about as individual holdings and much of these could have been held by company directors and employees.

If the holdings of the institutions, banks and trusts were lumped together on the government side, the total came close to 50%, enough to seal the Ambanis' fate if it ever came to the vote. And that's why the Ambani strategy could not revolve around the purchase of shareholding power, especially given the money might of his opponents. Admitted Anil Ambani: "The government machinery has unending finance."

Given this less than hopeful scenario, it's not surprising that the Ambanis were playing their cards close to the chest before the board meeting. But their options were limited anyway: if they did not want an EGM, they could either seek a compromise or court intervention. The first option was initially ruled out by Ambani insiders, but even the second was only a distant possibility. "When the EGM requisition is by shareholders holding more than 10% (mega issue) debenture holders from taking part in the resolutions of the EGM." The reference was to the fact that the EGM would have had to be held by 17 May (within 45 days of the LIC notice of 2 April), whereas the series IV debentures were due for their first conversion only on 23 May.

But Dewan of LIC claimed that the thought never crossed their minds. Moreover, the conversion would not affect the institutional voting power much. "Do not forget, we have also been buying L&T convertible debentures from the market," said Dewan.

DHIRUBHAI (L) AND MUKESH: NOT OUT FOR THE COUNT

of the paid-up capital, where is the question of a (court) stay order?" asked Mahesh Jethmalani, junior counsel to the petitioners in the L&T mega issue case.

Nevertheless, the Ambanis could have considered other ways of belling the cat and challenged the LIC requisition notice on different grounds. For example, no reasons had been given by the LIC for seeking to remove the Ambanis from L&T's board. Its action could thus be called malafide.

Another point of challenge could have been the timing of the LIC notice. As an Ambani insider maintained (that is, before a tactical surrender was decided as the only way out): "They (the institutions) are attempting to exclude the prospective 12 lakh series IV

The Ambani gameplan, as evident two weeks ago, thus seemed to be to counter brute shareholding power with a three-pronged propaganda offensive.

■ Suddenly, the press was deluged with an avalanche of material purporting to prove that LIC was out to murder corporate democracy. The central refrain: if the L&T takeover by the Ambanis was improper, so too were the other such ones involving CESC (R.P.Goenka), Best & Crompton (Vijay Mallya), India Cements (N. Srinivasan and N. Sankar) and Shaw Wallace (the Chhabrias), where the institutional nod or wink were crucial to consummating the takeover.

■ The broking community was also

roped into the act. On 12 April, about 120 members of the Bombay stock exchange issued a strongly-worded statement condemning the LIC action as an attempt at "backdoor nationalisation" which would "spell a slow death due to the inefficiency of the bureaucrats." The brokers added a jibe: "If they (the LIC) have extra funds (a reference to LIC's market purchases) why not reduce the exorbitant premium (on LIC policies)?"

■ The ghost of the Escorts case was also exhumed. (In the Escorts case, the LIC had similarly requisitioned an EGM to remove some directors so as to get the board to register the shares bought by non-resident Indian Swraj Paul in the company.) The Ambani efforts in this sphere bore fruit with Escorts chairman H.P. Nanda speaking up in his favour. "I think this can be a precedent for removals in the future," noted Nanda.

Around mid-April, as rumours of an impending proxy war at the EGM took root, there was much talk in the Ambani camp of launching a publicity blitz, awareness drives among shareholders, brokers' conferences and even door-to-door canvassing for proxies. As a precursor to a multi-crore media campaign, the Ambanis had already begun brandishing performance reports of L&T. A press handout claimed a 32.18% rise in total sales, a 142.77% increase in order booking and a 36.73% jump in earnings per share (EPS) in 1989-90 as the "impact of the Reliance association" with L&T.

Anil Ambani was also at pains to point out that the Ambanis had not tampered with the management. "We brought professionals like U.V.Rao (the chief executive) and B.G.N. Patel (vice-president, finance) back to the board. We have not interfered with L&T's day-to-day affairs."

That's true, but the institutions were promising the same if the EGM pushed the Ambanis out. "The four institutional nominees proposed to replace the Ambanis (Dhirubhai, Anil and Mukesh Ambani as well as their nominee M.L. Bhakta) will not remain on L&T's board permanently," Dewan of LIC told *BusinessWorld* in the second week of April. That meant their proposed replacements — K.N. Atmaramani of the Unit Trust of India (UTI), N.N. Jambusaria of LIC, A.G. Kharkhanis of the Industrial Development Bank of India, and T.N. Venkatasubramanian of the General Insurance Corporation — would have had only a brief sojourn on the board. Now, of course, they won't have any.

But all this did not stop the institutions from seeking to raise the number of nominees on L&T's board from three to five. In the first fortnight of April, they invoked a clause under a loan agreement with L&T to appoint two nominees on the board — J.S. Salunkhe, LIC's chief personnel manager, and V.P. Kamat, general manager of the Industrial Finance Corporation of India (IFCI). The idea was apparently to forestall any Ambani tricks at the company's 19 April board meeting to discuss the EGM issue.


ANIL AMBANI ARRIVING AT L&T HOUSE FOR THE BOARD MEETING

The board meeting, in the end, was a non-event. "We discussed the financial institutions' role, about public perceptions and the transparency of our transactions and decided that Dhirubhai Ambani's resignation be accepted and the EGM requisition be withdrawn," said Dewan after the meeting. "With our men at the helm, the funds of L&T will not be misused," he added, in an apparent reference to the mega issue.

How was the compromise struck? Apparently. Ambani's decision to quit was communicated on 18 April and the LIC board met the next morning to accept the compromise proposed, including the withdrawal of the EGM notice. Says Dewan: "We got what we wanted. It's not a comedown."

That's debatable, especially given the uncompromising statements that LIC spokesmen, including Dewan, were making before the board meeting. *BusinessWorld* learns that political pressure, both within the ruling coalition at the centre and without, had a role to play in the *volte face*. The West Bengal chief minister, Jyoti Basu, in particular, is believed to have counselled government bureaucrats and V.P. Singh loyalists to pipe down and avoid giving the L&T affair the looks of vendetta.

"If you think that we haved compromised, you are wrong. Our demand (for the removal of all the Ambanis) may not have been accepted in form, but certainly in substance," claims Dewan.

Perhaps. But the Ambanis are only the apparent losers. For, apart from a loss of face with the exit of Dhirubhai from the L&T board, they have lost little of substance: not their shareholding, not the suppliers' credit proposed for Reliance Petrochemicals' Hazira project.

Corporate observers are certain that the battle for control of L&T is not over. In fact, the events of 19 April have proved that the Ambanis have bought time to revise their gameplan. If the EGM affair ended with a whimper for them, a change in the political wind could bring them back in the reckoning with a bang. L&T continues to be a big test of their staying power.

■ *A.H.Ghani*

INDCHEM'S TECHNO-TRAIL

Technology-driven. The description fits the Madras-based Indchem Electronics Ltd., an outfit started in a modest way by three engineers in 1978 along with associate firms active in medical electronics, industrial and office automation, telecommunications and electronic components.

Indchem's conscious strategy of striving for leadership in niche markets has made for reputation and a progressive climb in turnover — to over Rs 55 crores in 1988-89. Chairman N. Kumar is loathe to equate growth with turnover, but president R. Ramachandran is less reticent: "We are on track to a turnover of Rs 100 crores by 1995." Quite in consonance are some of the products and projects being launched over the next few months. Among them:

- A joint venture with Michigan (US)-based Xycom for the manufacture of ruggedised computers for industrial applications.
- Manufacture of load cells in collaboration with Sensortronics, under a separate company.
- A foray into digital multiplexers and microwave radios and 512-port rural automatic exchanges (RAXs).
- An accent on products in the areas of imaging and neo-natal medicare such as coaxial tomograph (CT) scanners, incubators, and specialised X-ray systems.

The closely-held Indchem Electronics and its sister companies are grouped under Sanmar Electronics Corporation, itself part of the Sanmar group. The companies have two distinct areas of operations: equipment and components. While the equipment are sourced from a central facility and, more recently, an export-oriented unit in Madras, the components are largely obtained from two Bangalore-based group companies, Micropack and Minicircuits.

Encouraging reception. The parent, Indchem Electronics, started life in 1978 by hawking the patient monitors of Simonsen & Weel of Denmark. Encouraged by the market's reception, Indchem started looking for related products to add to its range. Within two years, the manufacture of bedside ECG (electrocardiograph) monitors was taken up, followed quickly by defibrillators, central monitoring stations and, in 1986, by non-invasive temporary pacemakers. In each case, the company improved on the original products to suit Indian markets.

The clutch of small companies under the Indchem banner is striving for technology leadership in niche markets like medical electronics

A marketing arrangement with the then small US company, Advanced Technology Laboratories (ATL), matured into a joint venture for ultrasound scanners in 1986. Production of sector and linear scanners was started in the same year and of portable scanners in 1987-88. In the very first year, ATL (India) Ltd. managed to capture 40% of the market for ultrasound scanners and has not looked back since. It has been doing quite well in exports as well.

In 1987, Indchem entered the neo-natal products market in association with Air-Shields Vickers and quickly emerged as the largest player in the local market. Then, sensing the potential in the area of imaging, Indchem, in association with US-based multinational Elscint, started marketing Gamma camera equipment in 1988 and has since been able to hold its own against the big daddies like Siemens, Philips, Picker, General Electric and Hitachi. "Today we are No.1 in the ultrasound, patient monitoring and neo-natal segments of the market," says Indchem's vice-president V. Prabhakar, who is responsible for the medical business group (MBG). "In turnover, we are next only to Siemens (about Rs 45 crores)."

The turnover of Indchem's MBG is targeted to rise to Rs 50 crores by 1990, up from the present Rs 20 crores. The focus now is on products in the imaging area. "We plan to grow in a big way in this field through CT (coaxial tomograph) scanners, MRI (magnetic resonance imaging) and specialised X-ray systems," says Prabhakar. "Products such as lasers, multichannel ECG machines, lithotripters, catheters and imaging films are also being considered." Incubators are to be introduced in the market in the next two months, X-ray systems are to follow in a year, and as for CT scanners, Indchem is one of a handful of companies to have a letter of intent for manufacture. CT scanners can currently be imported under open general licence duty-free by hospitals. This has dampened the enthusiasm of local manufacturers in taking up production.

Mushroom growth. According to Prabhakar, Indchem's conscious effort to undertake local manufacture rather than merely hawking foreign products has helped growth, though half the turnover still comes from agency sales. The mushroom growth of multi-speciality hospitals and diagnostic centres has given the market for medical equipment a shot in the arm. Nearly 50 medical equipment companies are said to be active in India. Not surprisingly, quite a

INDCHEM ELECTRONICS' FACTORY, MADRAS

few international names in medical equipment are scouting for Indian partners, or have already found one. Recent example: Wipro's tieup with General Electric. "The market in this business goes by references," says Prabhakar. "So foreign companies scout for partners to have an installed base in the country."

A handicap Indchem faced till recently — and which it is in the process of overcoming — is the absence of countrywide after-sales service support, something Prabhakar considers crucial. "We were strong only in the south and west but this will change with the opening of eight new branch offices all over in 1990-91. We cannot afford to be far from the customer."

While medical electronics is by far the largest and oldest segment in Indchem's diverse activities, telecommunications will see the largest investments in the coming months. Indchem is already the first C-DoT (Centre for Development of Telematics) licensee to have installed nearly 250, 128-port digital electronic private automatic branch exchange (EPABX) systems — not a mean performance in a crowded field, which has seen companies like Vijay Mallya's Unitel flounder. But volumes are still not good enough, says Indchem Communications Ltd.'s (ICL's) general manager Anil Nayar. A way out is to expand the range in electronic exchanges.

"In a couple of months," says Nayar, "we will be introducing a 200-line EPABX and by June we would have executed an order for 100 128-port rural automatic exchanges (RAXs) from the department of telecommunications (DoT). In a year's time, we will manufacture a 512-port switching system, expandable up to 2,000 lines, based on C-DoT design."

Indchem Electronics is one of the eight licensees for the 512-port switch and the indications are that the others

INDCHEM'S GROWTH

(Rs crores)

Year	84-85	85-86	86-87	87-88	88-8[illegible]
Medical electronics	1.48	3.42	8.79	18.11	26.[illegible]
Office automation	1.30	4.31	9.39	11.43	14.[illegible]
Industrial automation	1.24	1.93	2.94	4.63	5.[illegible]
Equipment group*	4.02	9.66	21.12	34.17	46.[illegible]
Components group	1.25	2.54	3.61	5.73	8.[illegible]

*includes medical electronics and office and industrial automation

Source: Sanmar group.

"WE ARE A TECHNOLOGY COMPANY"

Brothers N. Sankar and N. Kumar, sons of industrialist K.S. Narayanan, call the shots in the highly-diversified but conservative Sanmar group (1989 turnover: over Rs 220 crores). Engineering companies come under the charge of Sankar (see BW *28 March-10 April 1989, p.50), while Kumar concentrates on electronics. Stocky, soft-spoken and shy, Kumar discusses the prospects of companies under the umbrella of the Sanmar Electronics Corporation. Excerpts:*

■ **On the group's progress so far.**

On the whole I am happy with what has been achieved. We haven't made many mistakes. We are today a fairly professional organisation, decentralised and flexible. We are, I believe, good at looking at new opportunities and, equally important, we have preferred to manufacture rather than import and assemble from SKD (semi-knocked down) kits, never mind if it takes more time that way. We are good at absorbing technology.

■ **On the thrust areas.**

Every business group will be given equal attention though some, like telecommunications, may require more investments on capital goods.

■ **On the strengths.**

Our main investment is people. Money, anyone can invest. Plant and machinery alone do not make a company. We believe we have an excellent team and the (work) atmosphere is right.

■ **On the decision to stay away from consumer electronics.**

Right or wrong, we said we will stick to professional electronics. It was a conscious decision. We have always believed we are good at making value-added products, introducing new products. That sets us apart; we are regarded as something different. I believe we are not many things, but we are definitely a technology company.

■ **On why exports to hard-currency areas are minuscule.**

The colour of exports makes no difference. The idea is to become global. We go where the opportunities lie.

■ **On turnover and profits.**

Growth is not just turnover. We don't hanker after growth for growth's sake. With turnover should come profits, that's what we believe. In that sense we are conservative.

■ **On setbacks.**

We learn from mistakes — (the foray into) computers, for instance. Other than that, I do not think there is anything in particular that I can talk about.

too — including Larsen & Toubro, Punjab Communications, Instrumentation Ltd. and ITI — will go into production almost simultaneously. Indchem will be investing Rs 7.5 crores on capital equipment for switching products in the next one year. Besides, Rs 4 crores are being invested by ICL, a joint venture with the Electronics Corporation of Tamil Nadu (Elcot), for manufacturing 18 Ghz digital microwave radios in collaboration with Harris (Farinon) of the US, and primary rate drop/insert multiplexers with technology from Canada's Newbridge Networks Corporation.

Production is likely to start by this October. The plans are to manufacture 100 microwave radios — for intra city applications, providing quick communication links — and around 150 multiplexers, going up perhaps to 500 in the fifth year after production starts. "Multiplexers capable of carrying voice and data simultaneously, will be the first ISDN (integrated subscriber digital network) product in the country," says Nayar.

Forward march. Indchem's turnover from telecom is slated to rise dramatically to Rs 30-35 crores from the current Rs 4 crores if things go as planned. Says Nayar candidly: "It has taken us time to understand telecommunications. Of course, we could have been a little early with microwave radio ... and not spent too much time thinking about modems. We have now decided to consider products only on the digital side. Overall, luck has been on our side and the support from C-DoT (has been) excellent. It's a pity that Sam (Pitroda of C-DoT) is being run down."

If it's 'forward march' in telecom, Indchem's industrial automation group (IAG) hasn't been dragging its feet either. The first to introduce in-motion weighing systems in the railways — dramatically improving the turnaround of freight wagons — Indchem (through joint venture company Auto Measurematic Ltd. — AML) has not been slow to exploit the market potential of dynamic weighing systems in core sectors like coal and power.

While the entry, belatedly, of Avery has squeezed margins, AML commands an impressive 85% of the market. Encouraged by AML's success, Indchem then teamed up with Pebco Inc. of the US in 1985 to float another joint venture, Pebco (India) Ltd., for manufacturing load-control systems. The first-ever automatic loadout system in India was delivered to a South Eastern Coalfields coal-handling plant. The system enables bulk loading of material from overhead silos into moving wagons with a precision that wasn't possible before. Says K. Achyuthan, AML's vice-president: "We have no local competition and we have bid successfully against global tenders. But with the market for load-control systems limited to the coal sector, we are currently focussing on smaller coal mines and have come with a stripped-down version of the system which is much cheaper."

RAMACHANDRAN: "ON THE RS 100 CRORE TURNOVER TRACK"

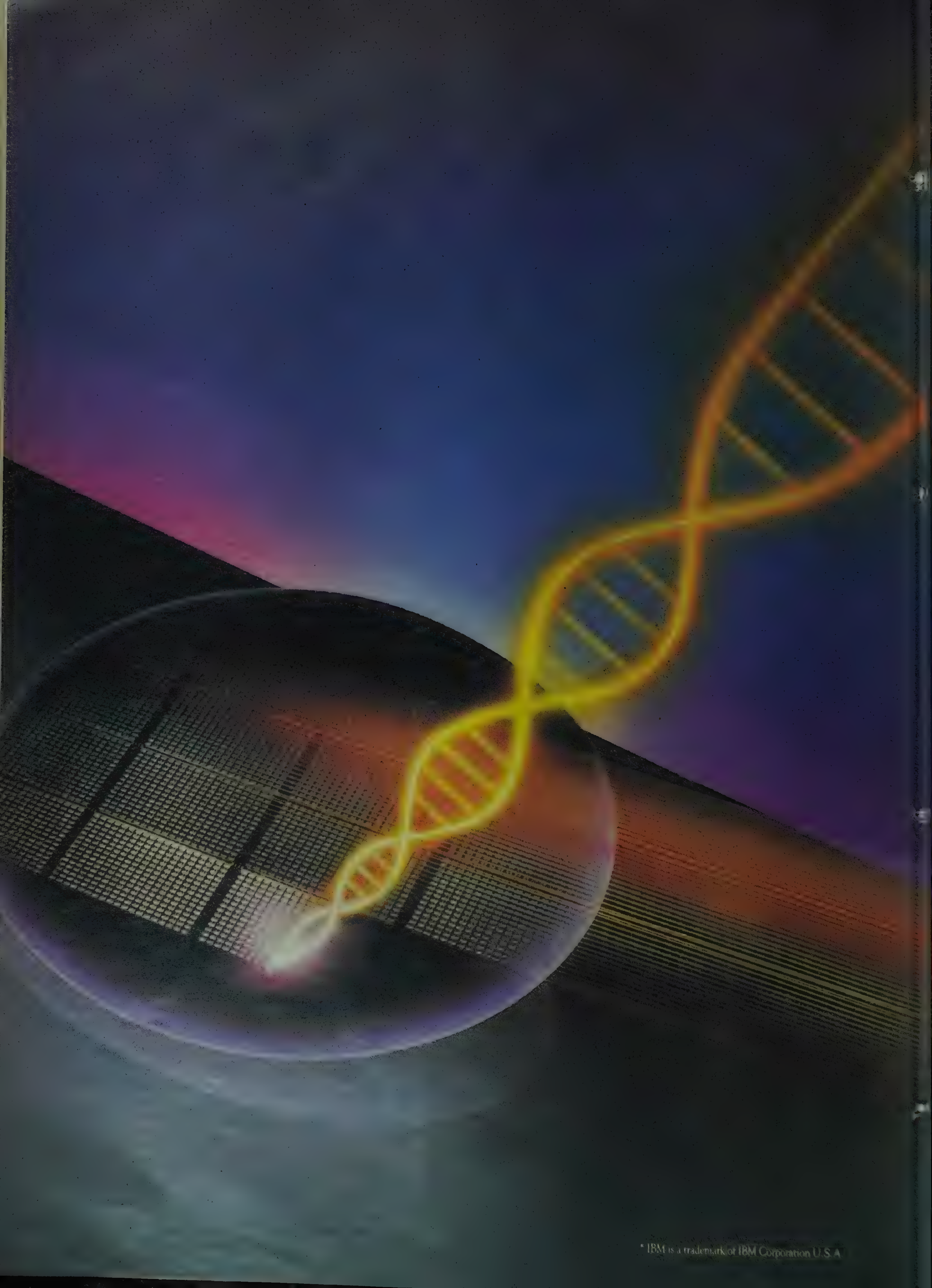
Plans are underway to take up the manufacture of weighfeeders, a system which feeds in material at a constant rate onto a conveyor or process system for bulk handling. Equal emphasis is being laid on offering turnkey solutions in industrial automation, pooling the resources of mind and material available within the larger Sanmar group. One outcome of this "synergetic" approach: a fully automated system for loading LPG (liquefied petroleum gas) onto 80 rail tanker wagons and eight road tankers at Hazira (Gujarat) for the Oil & Natural Gas Commission (ONGC) — the first of its kind anywhere in the world.

INDCHEM'S ULTRASONIC SCANNER

A similar order from the Gas Authority of India Ltd. (Gail) has just been executed. Another first: delivery of a special bit of equipment for the loco shed in Tiruchirapalli (Tamil Nadu) for testing locomotives. Says Achyuthan: "Integrated solutions based on state-of-the-art technology is our main strength. We would be increasingly looking at Scada (supervisory control and data acquisition) jobs in the railways, oil, steel and fertiliser industries." Keeping this objective in view, AML has changed its name to Indchem Instrumentation Ltd.

That's not all. The manufacture of load-cells is to be taken up in collaboration with the US-based Sensortronics Inc. under the aegis of a new company. Load-cells, used in electronic weighing systems and scales, are currently imported. Indchem's project is to serve captive requirements and for sales outside. Though the licence is for 50,000 cells per annum, initial production will be a modest 2,500-3,000. The unit will be in Madras and production is to start by early 1991. The current annual demand for load cells is put at 10,000. "We are preparing ourselves for a demand spurt in view of the growing use of electronic scales, right up from small scales in retail shops," says Achyuthan. Indchem has competition here in Avery, but while the latter's load-cell plant in Faridabad (Uttar Pradesh) is ready, the products haven't come into the market.

Patchy record. But one area where Indchem's record has been somewhat patchy is computers. While in terminals — the entry point — the company quickly proved it had what it takes, it ended up bruised when it sought to enter the microcomputer market. Though it was the first in India to come up with an IBM-PC compatible, the MMC Charlie, Indchem found the going tough in selling to original equipment (OE) manufacturers and suffered a worse fate when it sought to address end-users directly: PCs had become standardised and the market had turned



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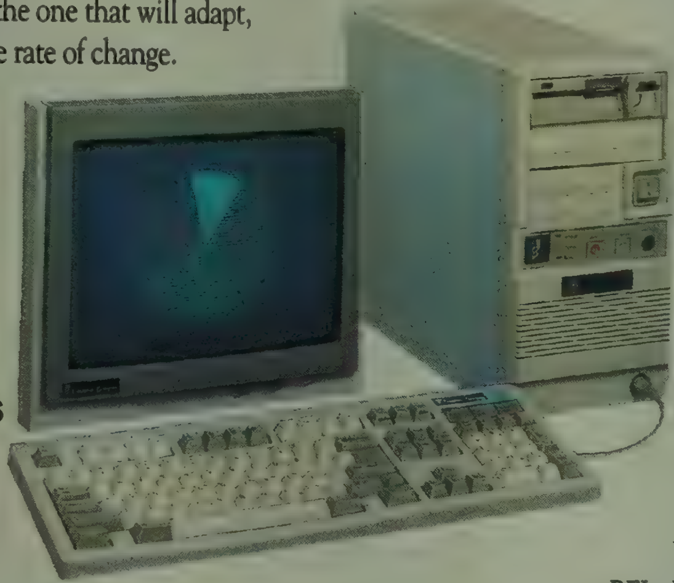

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highly price-sensitive. Indchem simply could not keep pace.

Now it has almost withdrawn from microcomputers and supplies to OE customers are limited to International Computers Indian Manufacture (ICIM) and Electronics Corporation of India Ltd. (Ecil). Says Indchem Electronics' marketing manager C.S. Nandakumar: "We realised we were better at using boxes (PCs) in a specific fashion to provide solutions than selling them as such. Anyway the market was getting crowded and there was hardly any money in it." Adds Indchem Electronics' technical manager B. Ramakrishnan: "Oriented as we were towards OE customers, we failed to read the PC market correctly. We lacked what was needed: quick reflexes, confidence and staying power. In other words, we chickened out. But the decision to withdraw affected our people's morale. Some left."

Indchem also failed to get into the manufacture of the 32-bit ND-500 of Norway's Norsk Data though it was the company's agent for this product and subsequently formed a joint venture, Norsk Data (India) Ltd., for manufacturing a 16-bit minicomputer for commercial data processing and real-time users. Norsk partnered Ecil to produce the ND-500 and by the time Indchem was ready for a look-in it was too late. "We could not provide them (Norsk Data) a growth path," admits chairman Kumar.

Even in the case of the 16-bit mini, the waters have turned choppy for Indchem in the last two years, though Kumar maintains things are improving. Worse, Norsk Data itself is going through an upheaval. Meanwhile, however, Indchem was successful in designing a 386-chip based motherboard, for workstation application; the design has been sold to the US-based Advanced Computer Solutions but the Indian rights are still with Indchem. The company's R&D team is now working on a 486-based mother-board, also for workstations. In monitors, efforts are on to expand the range so as to cater to various industry segments, says Nandakumar. Indchem addresses itself to the higher end of the monitors market. Its customers include OMC, Wipro and Pertech Computers. "We are also looking at videotext terminals," says Nandakumar.

PRABHAKAR (L) & ACHYUTHAN: NO LOCAL COMPETITION

Strategy. But even against the backdrop of failure, Indchem's strategy of tailoring technology to suit particular customer needs — solutions instead of 'boxes' — seems to be paying good dividends. For example, it has been able to offer *The Hindu* an "electronic newsdesk," a system linking computers at news offices at major centres in the country to one another, and which allows editing, storage and transmission of news among the nodes. The *Indian Express* had also opted for the system but has not been able to use it. The latest customer is the United News of India, a national news agency.

Electronic newsdesks apart, Indchem executives are excited about a proposed joint venture with the Michigan (US)-based Xycom for manufacturing the so-called ruggedised computers — microcomputers that can work in adverse industrial environments like the shopfloor. The main application areas will be in process-control industries, and the computers will be directed at OE manufacturers like Allen Bradley and Siemens for interfacing with programmable logic controllers (PLCs). "This is the right time to be in this market," says Ramakrishnan (quoted earlier). "And since we would be appealing to OE manufacturers — not end-users, as we tried to with the PCs — we would decidedly be more comfortable." Though project details are still under wraps, ruggedised computers are expected to add substantially to Indchem's turnover in the computers, projects and peripherals segment.

In exports too, Indchem is doing very well. The export turnover was placed at Rs 16 crores in 1988-89, out of which only about Rs 2 crores was in hard currency. (The figure is expected to be Rs 20 crores in 1989-90). But chairman Kumar is not apologetic about overemphasis in exports to rupee-trade countries: "The colour of exports makes no difference; we go where the opportunities lie." The company has also successfully ventured into software export from the Madras export processing zone.

While Indchem and sister companies source their equipment from a centralised manufacturing facility at Madras, most components come from group companies Micropack and Minicircuits, both Bangalore-based. Micropack, an Indian pioneer in professional-grade multi-layered PCBs, has emerged as a highly respected supplier of boards, including to the quality-conscious Indian Space Research Organisation. Minicircuits — which makes hybrid thick film circuits and is a leader in surface mounted technology — isn't doing badly either though initially there were marketing problems.

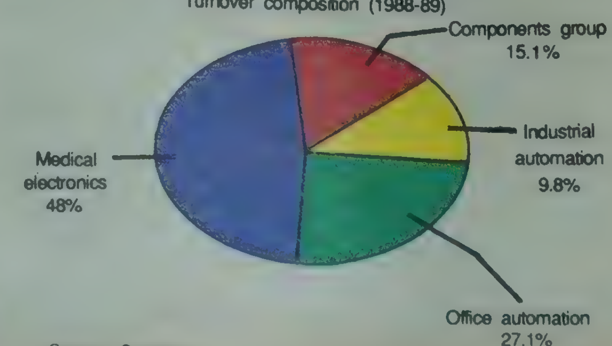
Overall, Indchem's main strengths are people — technical people — decentralised operations and delegation of responsibility. While pay and perks may not be the best in industry, a certain informal work atmosphere and freedom to do one's own thing compensates for it. In business, there have been some ill-advised forays — ill-advised, perhaps, in retrospect. But the basic strategy of identifying niche markets and striving for leadership has served Indchem well. Though a turnover of Rs 57 crores may seem modest, a post-tax profit of 8-9% on that is nothing to be sneezed at. As Kumar's brother N. Sankar, who heads the engineering companies in the Sanmar group, put it in a recent interview to *Business Standard:* "We are not the largest or biggest in any field, but we do have a presence in a very large number of areas ... Broadness is often better than bigness for growth."

Quite.

■ *N. Raghavan*

INDCHEM ELECTRONICS

Turnover composition (1988-89)



Source: Company

KRISHNAMURTHY IN THE DOCK

In a few weeks from now, he would have left in a blaze of glory. For V. Krishnamurthy, the man widely credited with turning around the monolithic Steel Authority of India Ltd. (Sail), is due to hang up his gloves in May. But he may have to put them on again to defend his record. And the chances are that his legacy will be disputed, his actions questioned, and his track record re-evaluated. Here's why.

■ **Suddenly, doubts are being raised about Krishnamurthy's judgement.** In particular, his critics are cocking an inquisitive eye at the numbers involved in modernising Sail's plants through the costly turnkey approach, which Krishnamurthy has backed. The costs involved could be upwards of Rs 15,000 crores to revamp and expand Sail's plants at Durgapur, Rourkela and Burnpur, as well as Bhilai and Bokaro.

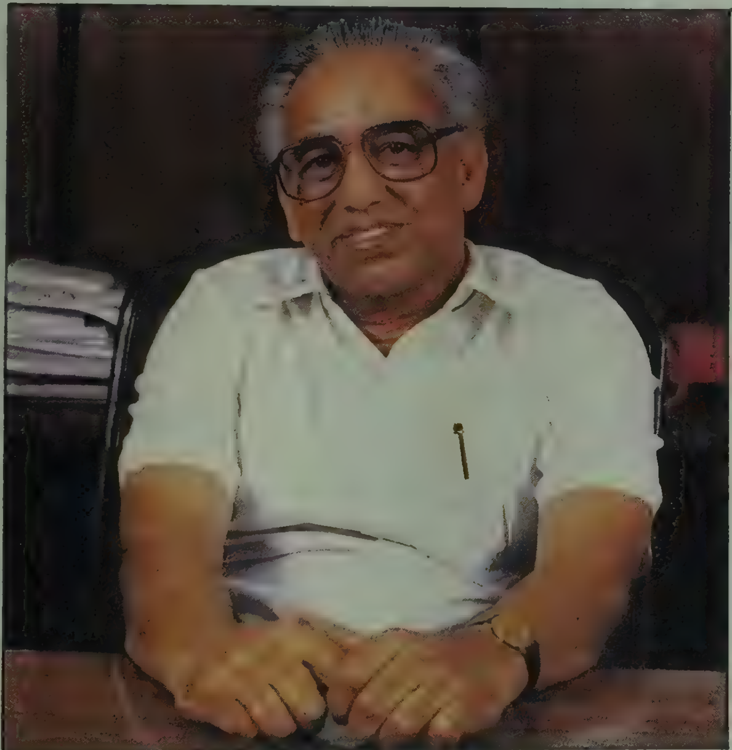
■ **There is already a distinct murmur about kickbacks.** And with the National Front government being no great pal of Krishnamurthy, the slightest whiff of payoffs in the multi-crore steel turnkey contracts will be enough to have the investigatory hounds baying at the heels of Sail's top brass.

■ **Some of Krishnamurthy's decisions are already being put under the microscope.** While the turnkey contract to modernise and expand the Durgapur steel plant (DSP) in West Bengal may not be cancelled at this late hour, steel consultant M.N. Dastur & Co. (Dasturco) has been roped in to vet the Rs 7,000 crore plan for the Indian Iron & Steel Co. (Iisco) at Burnpur, also in West Bengal.

Clearly, the indications are that Krishnamurthy is not being viewed by the new government through rose-tinted glasses. And that goes for his steel modernisation plans as well.

At the heart of the controversy is the cost involved in the turnkey approach chosen by Sail. The proponents (i.e. Sail spokesmen) say that given past experience, where the implementation of public sector projects dragged on for years without final completion ever being in sight, the turnkey approach is better as it compresses the timeframe to a minimum. Sail's critics do not disagree, but ask: turnkey at what cost?

There is very little doubt that these costs have ballooned enormously. Around mid-1987, Sail was talking about an annual expenditure programme of Rs 1,000 crores spanning seven years, adding up to Rs 7,000 crores. The breakup was: Rs 1,200 crores for Durgapur; Rs 1,500 crores for Rourkela; Rs 2,500 crores for Iisco at Burnpur; and some Rs 1,600-1,800 crores for Bokaro and Bhilai put together.



REVISED ESTIMATES

Now, that Rs 7,000 crores looks like chickenfeed. The estimates have been revised to more than double the level. Durgapur, where the government and Sail have already committed themselves to the turnkey approach, entails costs of Rs 2,600 crores; and the proposals for Rourkela and Iisco are for Rs 3,300 crores and Rs 7,000 crores respectively. The figures for Bokaro and Bhilai are still to be worked out.

To raise these staggering sums, Sail looks like breaking its old promises of self-reliance. The earlier idea was that it would undertake to finance the entire investment programme for all plants from internally generated funds (profits, depreciation), money from the steel development fund and, perhaps, borrowings, including tied aid from Japan and West Germany. But now strong hints have been given that Sail will brandish both the hat and the knife: pass the former on to the government for budgetary support, and use the latter to extort more from steel customers through higher prices.

Predictably, critics are raising a howl. The Planning Commission has started asking a good many questions. And the government itself looks set to dump Krishnamurthy's turnkey approach. Said steel secretary R. Venkatanarayanan at a mid-March steel seminar in Delhi: "The government cannot, and will not, implement the (Rourkela) modernisation scheme at this (Rs 3,300 crores) cost. We will have to find various cost-effective measures."

And in an atmosphere where it is widely believed that the former Congress government may have been involved in commission deals in projects involving public spending, the suspicion is that the foreign as well as domestic suppliers to the steel modernisation programmes may be involved in hanky panky — and on a scale that makes even Bofors (a "mere" Rs 1,700 crore deal) pale into insignificance.

Close scrutiny has been ordered by the present government, in particular into the Rourkela and Iisco proposals, because of the very high costs indicated. As one steel industry insider puts it:"The government feels that the Durgapur programme got away, but it is determined to see that Rourkela and Iisco will not be similarly hustled through." Dasturco, roped in to take a close look at the Burnpur proposal, has already submitted its report.

Says Adarsh Kishore, joint secretary in the steel ministry: "There is no

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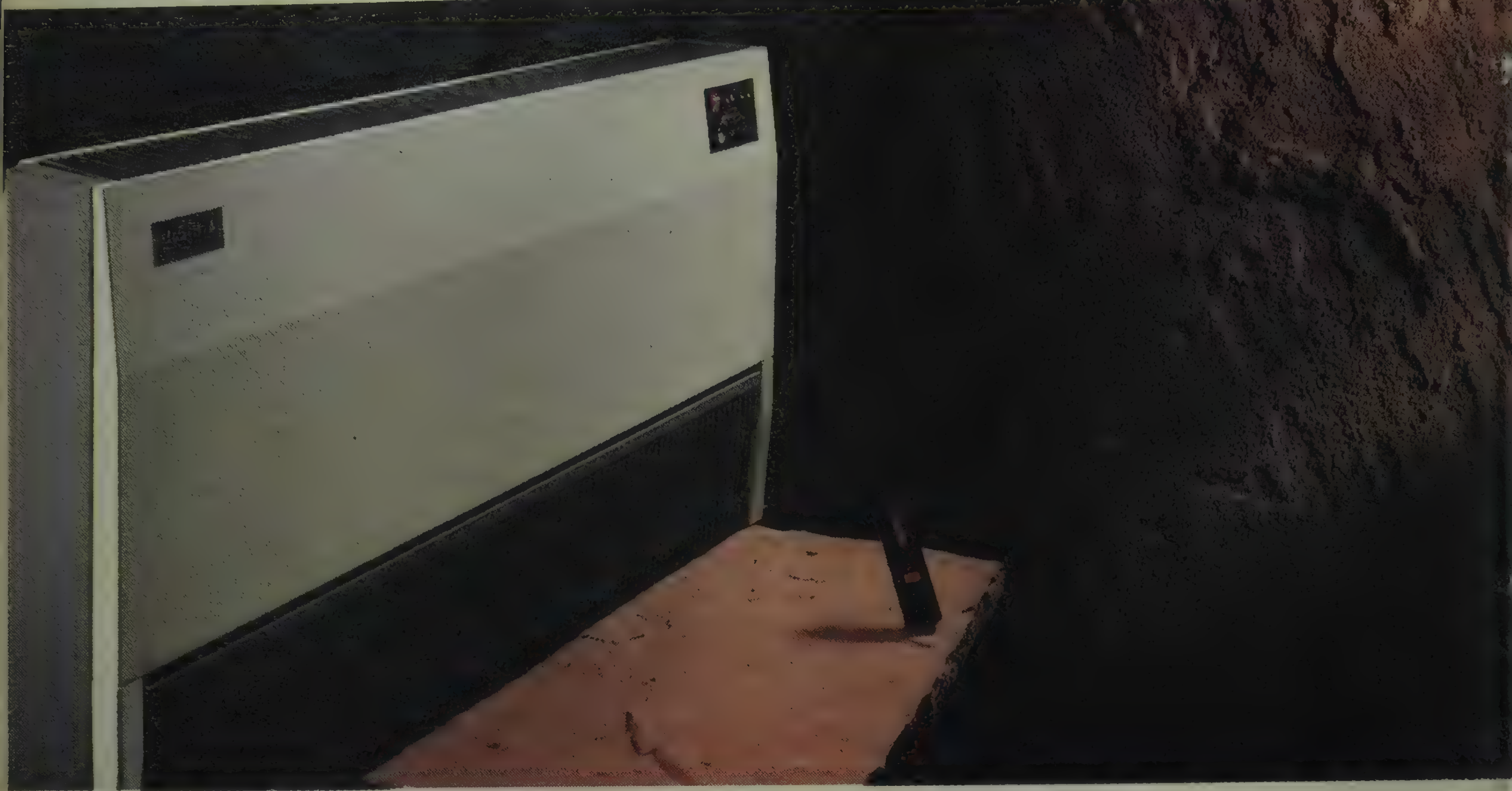

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Bhubaneswar: 407698

question about the need for modernisation. What is being looked at afresh is the mode of procurement of equipment and supplies, and the (proposed) mode of execution and implementation".

Translated, that means Krishnamurthy's entire approach to the matter of toning up Sail and modernising the plants is being called into question. And the issue merits a close examination because the future of the entire Indian steel industry is at stake.

Iisco is a good place to begin the examination. Iisco's 1-million-tonnes per annum (tpa) plant at Burnpur worked perfectly well through many long decades, and even in the sixties it was considered probably better and more efficient than Tisco at Jamshedpur. The crunch came after 1967, when leftist trade unions went on the rampage in West Bengal. Sir Biren Mookerjee, the largest shareholder and chairman of Iisco, was increasingly looking out of sorts in this milieu and Iisco's working deteriorated. Finally, in 1972, the management was taken over by the government, and the company was duly nationalised.

RAPID DOWNSLIDE

A jaded lily already, Iisco wilted completely in the public sector. The rapid downslide began with the introduction of the public sector culture. Manpower swelled from 18,000 to 25,000 without any ostensible need, and many thousand contract labourers were brought in even as production took a nosedive. Currently, the plant runs at barely 30% of annual capacity (around 300,000 tpa) and makes huge losses.

In the nearly two decades of government control, large amounts of money have been spent on Iisco, but the effort has always been too little, too late. Besides, some vital parts of the system have been criminally neglected. For example, today Iisco has the unenviable distinction of being the only integrated steel complex in the entire world without a sinter plant, which is essential for blast furnace efficiency. A sinter plant would cost perhaps Rs 90-100 crores, an affordable sum all right, but the Sail management has opted for an all or nothing approach. Under the plea of "total modernisation", it has closed facilities which, under a different management philosophy, could perhaps be run quite profitably. And Burnpur is today a ghost of its former self.

The question of Burnpur's modernisation was taken up first in the mid-seventies and a Public Investment Board (PIB) sanction was given for the first stage of the programme. But this was not acted upon, because the (then) Janata steel minister, Biju Patnaik, pushed for the (so far abortive) steel plant at Daitari in Orissa. With this particular political compulsion, no funds were left over for Iisco. Soon after Krishnamurthy entered the picture, the Japanese were roped in. They did a preliminary survey and, in November 1988, Sail entered into an agreement with the Japanese Consulting Companies (JCC) for a detailed engineering study. It is this report which is now being scrutinised by Dasturco.


A VIEW OF THE DURGAPUR PLANT

The Japanese have recommended that most of the production facilities of the old plant be scrapped, to be replaced by a spanking new two million tpa facility. They have proposed a new coke oven battery and sinter plant, new iron-making and steel-making facilities together with two new rolling mills. Not surprisingly, most of the equipment is to be sourced in Japan. The rest of the old plant is to be retained, with its coal-handling facilities, coke ovens, plant water and other utilities, laboratories and two of the rolling mills as well.

The total cost of the Japanese proposal, including the prevailing import duties on foreign equipment, is estimated at Rs 6,000 crores. Sail claims that this cost compares well with international norms and that the new plant would have the lowest energy consumption rate per tonne of crude steel, the highest labour productivity, and, resulting from these plus points, the lowest works costs on steel production in the country. The critics of Krishnamurthy's approach feel, however, that the capital costs are much too high. At around Rs 28,000-30,000 per tonne of annual capacity, interest and depreciation costs alone would make the steel produced at Iisco the most expensive in the country. Operational efficiencies could make variable costs lower than those of other steel plants, but the high fixed costs would mean that Burnpur would take a very, very long time to reap the benefits of comparative advantage. The account books, anyway, will be dripping red all over for years.

The total cost of about Rs 6,000-and-odd crores may anyway be an underestimate in reality, because Sail has assumed a concessional rate of import duty in its calculations. If duties aren't concessional, the cost would be nearer Rs 7,000 crores, working out to

around Rs 35,000 per tonne of annual capacity.

In dollar terms, that's an investment of about $2,100 per tonne of annual capacity. In contrast, investments in Japan in the late seventies were around $640 per annual tonne, and in Brazil $700. Even today, a new South Korean plant is built at a cost of only $800 per annual tonne. Back home, Tisco is adding capacity of about 1 million tonnes at a cost of around $1,000 per annual tonne. Why then should Iisco cost so much?

With Rourkela, similarly, costs are a matter of contention between Sail and its critics. The original plan in end-1986 talked about Rs 1,500 crores, but this was later revised (in 1988) to Rs 2,600 crores. The approved PIB sanction is for Rs 2,500 crores with three imported packages of the total value (imports plus indigenous supply) of Rs 1,200 crores. Currently, a considerable upward revision is being proposed, and while the German consortium behind the proposal has not submitted actual figures, the total is said to be around Rs 3,300 crores (inclusive of customs duty), of which the cost in foreign exchange is understood to be about one-third.

To be sure, it is true that the depreciating value of the rupee vis-a-vis the deutsche mark (in Rourkela's case) and the yen (in the case of Iisco) is one villain. It has, to some degree, made earlier estimates go all wrong. But, argue the critics, if this is true, how does Sail propose to finance the Rourkela deal, given that the Rs 500-700 crores tied aid from West Germany is wholly inadequate for the costly project? Steel secretary Venkatanarayanan (quoted earlier) said as much at a seminar on cold rolling held in New Delhi on 13 March: "The offers received from the German consortium are expensive, very expensive indeed! The government cannot and will not implement the scheme at this cost. This should be very clear. We will have to find various cost-effective measures now. We will go global, and if necessary, make the necessary policy changes to take care of this problem. I am surprised at the German offers which defy any logical thinking."

Strong words, those. By implication at least, they put Krishnamurthy in the dock for his decision to pursue the German offer. But Venkatanarayanan's deputy, joint secretary Adarsh Kishore, had soothing things to say about Krishnamurthy, and dispelled rumours that the steel ministry and Sail are at loggerheads. "V. Krishnamurthy has made a substantial contribution to Sail's turnaround," says Kishore. "He has vision, philosophy, and has been able to improve the corporation's functioning to a vast and palpable degree. There is no question of not recognising this, or watering down this achievement." But even Kishore does not hide the fact that "there could be differences between Sail and the government" on the approach to the modernisation question, including the turnkey one.

INSIDE THE BHILAI STEEL PLANT

However, non-partisan external observers feel that what is being called into question is Krishnamurthy's entire record at Sail, even though it is the turnkey contract issue that is being re-examined. The turnkey approach, an expensive option in any situation, is being undertaken simply because Sail does not have the organisational ability to initiate a step-by-step renewal programme, Krishnamurthy's detractors say. So how can Krishnamurthy claim success in his stewardship of Sail? Besides, since turnkey contracts involve very large capital sums being spent in a very short period of time, they could well have been used by Krishnamurthy's political bosses in the former government to make money on commissions.

But Krishnamurthy's track record speaks in his defence. And the first palpable proof is production. Sail's steel output, his defenders claim, has gone up by about 35% since Krishnamurthy took over. It is true that most of this increase has come from Bhilai and Bokaro after their four-million-tonne expansion on which over Rs 2,300 crores (at Bhilai) and Rs 2,325 crores (at Bokaro) was spent over many years. But even at Durgapur, which has been perennially a laggard, the production has improved somewhat. Overall, the financial year 1988-89 saw an all-time high in Sail production, but in the latest year (1989-90), the figures are expected to reveal a setback in spite of additional capital spending on the expansion of plant capacity.

There are a number of reasons for this. First, there has been a tremendous crunch in power supplies from outside sources. Second, Bokaro has been performing very poorly, having suffered a series of breakdowns. "There has been no maintenance of the equipment and machinery at any of the steel plants for many years, and the effects are now catching up," says a Sail insider. "In the past few years, the matter has not been ignored, but the fact is that at Bokaro there have been some unexpected breakdowns. The loss in production is now being made a stick to beat Krishnamurthy with, but it may be said that after years of very poor technological discipline, it is actually he who has tried to improve matters."

MAJOR FAILURE

Critics of Krishnamurthy dispute this. If after five years as chairman, Krishnamurthy could not enforce technological discipline, then there is a major failure. Krishnamurthy's man-management skills are acknowledged, but he is no steel man. Otherwise, he would not have laid undue emphasis on the "total modernisation" concept at the expense of systematic, slow steps to make existing production facilities function better.

Moreover, part of the production

loss is because facilities at Iisco have been closed down. It is pointed out that Tisco at Jamshedpur is profitably running even older facilities (like the sheet mill), whereas Iisco was talking of hawking off parts of its plant piecemeal to the highest bidder till the ministry intervened with a firm veto.

There is some justice in this allegation. As L.M.Chatterjee, blast furnace superintendent at Tisco and a widely-respected steel technician told a panel discussion on steel in Jamshedpur last February: "At Burnpur, Sail is thinking of discarding all four blast furnaces and constructing two new ones. I do not think this is at all necessary. If we (Tisco) can run a blast furnace which is 80 years old, why should Burnpur discard some which are only 30 years old?"

Answers Krishnamurthy: "The modernisation programme aims at setting right 30 years of neglect in five years."

But defenders of Krishnamurthy have more to say, and not just about the advisability of spending lots of money on modernisation. Internal changes are being made to supplement all the money being poured in. According to them, Krishnamurthy took a very courageous step at the beginning of this last financial year (1989-90), and that was to focus on quality. Earlier, both good quality steel and defectives were clubbed together to give out total tonnage figures, but the two categories are now being separated. In 1989-90, the production of non-defective steel went up to 85% from 79% of total production in 1988-89. This may actually be considered an achievement, especially when total production is at a lower level.

The profit figure in 1989-90 is also likely to show an improvement over the previous year, again despite lower production. Sail's accumulated losses were fully wiped out two years ago, and energy costs have been reduced by 12% over the past four years — though, admittedly, it is due to imports of superior grade coking coal (four to five million tonnes a year).

Marketing too has been pepped up. It is generally acknowledged by industry insiders that Sail's marketing people are not just rationing officers any longer, but actually go out and sell. They are much more tuned to the market, and 85% of sales are made directly to customers rather than through intermediaries. The product-mix has been modified, with the output of flat products increased from 58% in 1984-85 to 68% in 1988-89. The major customers feel that it may still take 10 years for Sail to attain the marketing savvy of (say) Tisco, but what is undisputed is that Krishnamurthy has effected a change for the better.

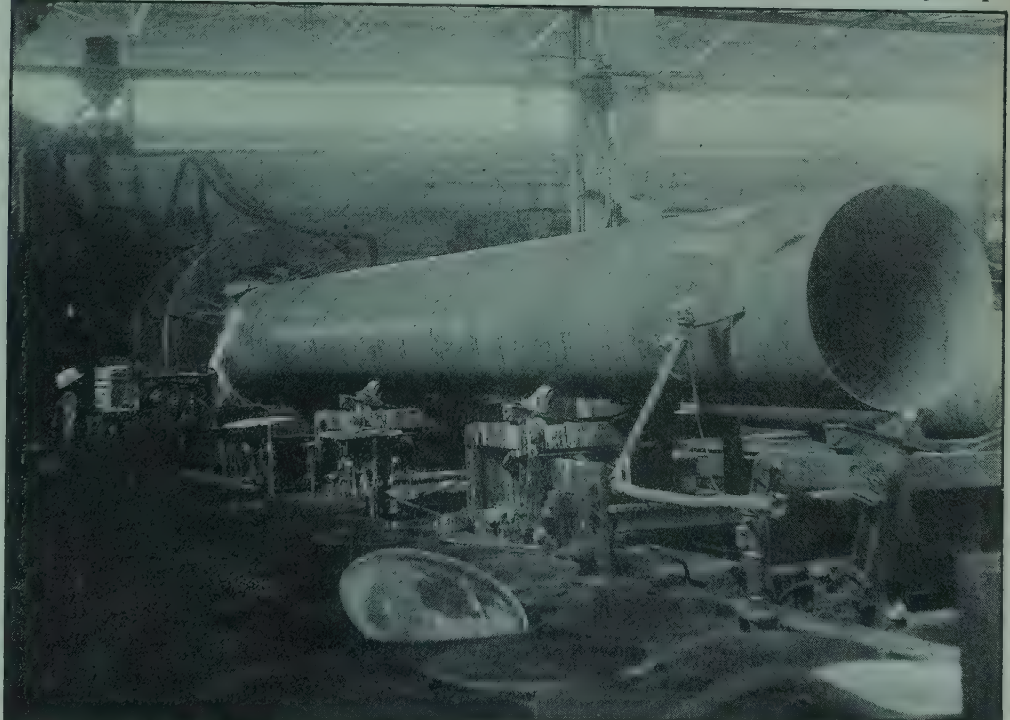
PAST RECORD

The turnkey affair, however, takes some defending. And the best defence, perhaps, is the public sector steel industry's past record. The Visakhapatnam steel project has gone on for years and years, but is still a far cry from completion. It is also turning out to be a bottomless pit for money. As against an original cost estimate of less than Rs 3,000 crores, it may now end up gobbling up more than Rs 8,000 crores. And at Bokaro, the second cold rolling mill complex has taken 11 years, but has still not stabilised. The designing was done by Mecon (the giant public sector steel consultancy unit), the civil works undertaken by Sail itself, and the equipment contracted out.

If the turnkey idea has some justification, some Sail insiders feel that even the high costs can be justified, including the foreign exchange outgo involved. According to them, the actual outgo of foreign exchange will not be very much.

But the critics feel differently. With reason. For example, at Rourkela, the total number of packages (expense centres) is 93, of which only three packages are foreign. These three, however, account for the largest part of the total costs of Rs 3,300 crores for the whole project, and the exchange outflow will be a substantial one-third. Similarly, at Iisco, the Japanese revamp proposal suggests that 70% of the orders will go to local suppliers, but the cost of equipment sourced in Japan will be a good Rs 2,000 crores. It is, therefore, more than likely that the Dasturco scheme for Iisco's modernisation, already submitted to the government, will offer a lower cost investment alternative as well as lower foreign exchange outflow.

The critics say that since the foreign suppliers are choosing their own local partners, there is unlikely to be adequate scrutiny of costs by Sail itself. That means the virtual certainty of unfair profits. "Since the turnkey suppliers are agreeing to a penalty clause," says one observer, "they are bound to work in what may be called a very high insurance premium in their estimates. Turnkey supplies, and tied-aid, inevitably mean that we have to pay too much."



SPIRAL WELD PIPE PLANT AT ROURKELA

Besides, the costs at Durgapur (which have been already approved) have now become the norm for the other projects. "Foreign suppliers do not dare to lower costs, because now they will be caught out," runs the argument. A West Bengal-based local

technical services firm has obtained a Rs 460 crore contract at Durgapur even without having established a track record or employing sufficient manpower, it is alleged. Not surprisingly, the air in Durgapur is thick with talk of payoffs in the steel deal. While the Durgapur contract is already signed and sealed, the moot question is whether a similar thing will be repeated at Iisco and Rourkela.

Not if the powers that be in the steel ministry have their way, but Sail is not willing to throw in the towel yet. According to senior Sail officials, let alone Rourkela, even the Burnpur costs, which are being regarded as way beyond norms, are comparable to Tisco's if the private sector company's spending over seven or 10 years is escalated to today's costs. Some observers wonder whether such an exercise in arithmetic is at all valid. But even if it is, the fact remains that the actual historical costs at Jamshedpur were in fact far, far lower than what is being proposed for Burnpur. And if Sail had the capability of taking systematic steps towards modernisation by depending on its own technical strengths, it could also reap rewards in terms of much lower costs. Sail's turnkey approach will, on the contrary, perpetuate high-cost steel in this country.


THE IISCO PLANT : A JADED LILY

The folks at Tisco certainly think so. "In Tatas," said Chatterjee, Tisco's blast furnace superintendent (quoted earlier), "we have a philosophy a little different from people in the other steel plants. We never went in for a big expansion in one year."

In fact, the Tisco approach is the very antithesis of the Krishnamurthy line on turnkey contracts and modernisation at one go. Explains Chatterjee: "If you want to spend more than Rs 400-500 crores in a particular year, the engineering industry and the suppliers really cannot cope with this big demand. So, in Phase I of Tisco's modernisation, we have spent Rs 400 crores, and in Phase II, we are spending another Rs 500-600 crores, and that will be spanning four to five years."

Chatterjee develops the argument further: "At Tisco, whenever we spend money, it is always a must that returns are realised on investment. For example, in our stoves, which are very old, and originally designed only for 650°C temperature, we are today getting 1,000°C blast furnace temperatures. We are exploiting these stoves without any major capital expenditure."

SMALL CHANGES

The argument is really about making small changes continuously, rather than in one shot. But Krishnamurthy obviously feels that Sail has a lot of catching up to do anyway and cannot wait for a long time to modernise. Hence his preference for the turnkey solution. Speaking at the same forum as Chatterjee, Krishnamurthy fully agreed with the need for investments to deliver returns, but pointed to the enormous losses resulting from the delay factor. Besides, the idea is to lift Sail out of its past inertia quickly. "The combined effect of the new technologies and a well-trained, disciplined group of workers will transform Sail into a different kind of organisation," he said.

Krishnamurthy's argument: the step-by-step, disaggregated approach may look cheaper on paper, but would not be (given the current state of the organisation) a pragmatic solution. And the cost of delay, given past experience, would anyway make the original calculations look foolish.

True, but there is the other side as well. Both Tisco (currently) and Iisco (in the past) have been entirely comfortable with such "disaggregated packages," and made it all work with some elementary technological discipline within the organisations, which Sail seems to lack.

According to Sail's line of thinking, the "high costs" only seem high. At Burnpur, plans for some additional facilities have led to an increase in the costs for the Japanese portion of the job going up from around ¥ 120 billion in 1986 to ¥ 150 billion currently. If the extra capital equipment is considered, the cost in Japanese yen is virtually the same. It is the depreciating rupee, and inflation within the country, which has played havoc with original estimates.

Moreover, the emphasis in the product-mix is sought to be changed to flat products. If the new plant at Burnpur is set up as an export-oriented unit, concession on import duties would lower costs to only Rs 4,000 crores, and the investment per tonne of annual capacity would be far lower than current international norms. The variable cost of production from this spanking new plant would anyway be comparable to the best in the world.

Sail's critics are ready with their rebuttals. The export-orientation, they say, is nothing more than an an attempt by Sail to find post facto justification for high costs. In fact, the entire "export-oriented" approach is a mere footnote in the papers submitted by Sail to the government. Besides, it is contended that the Japanese report on Iisco does not discuss the economics of the proposal, making its commercial logic look suspect.

Even as accusing fingers are waggled, one thing is certain: Krishnamurthy is the man who will ultimately get the blame, if blame is what is being apportioned in the controversy over Sail's turnkey approach. In a political climate vitiated by talk of hefty kickbacks in deal after deal, Sail's multi-crore contracts cannot obviously escape notice.

Thus far, Krishnamurthy's Sail sojourn has been conducted from cloud nine. After the men with the microscope have sifted through his decisions, all that may be left is the cloud.

■ *Subrata Roy*

"THERE ARE PLENTY OF PRIME PICKS"

Assiduous and unassuming — that's Ashwin Mehta, the vice-chairman of Growmore Research & Assets Management Ltd., a Bombay-based broking house which has grown "exceptionally well" in a short span of seven years. Sporting a clipped bristle moustache, the 35-year-old Mehta is a member of the Bombay stock exchange. After acquiring a degree in law, he started his career with a two-year stint at the Industrial Credit and Investment Corporation of India before moving to the investment department of the Unit Trust of India. In 1983, his growth urge compelled him to join hands with his brother, Harshad Mehta, to kick off Growmore. Ashwin Mehta spoke to BusinessWorld *on investment related issues. Excerpts:*

■ On the industries worth investing in.

Tea, shipping, paper, bearings, caustic soda, dyestuffs, tractors, cotton textiles and some auto ancillaries.

■ On what's happening in these industries to justify his choice.

Most tea companies are on a sound footing. They are experiencing an unprecedented boom in price-realisation coupled with good production. The scrips worth picking are Warren Tea and Tea Estates.

Likewise, the paper industry is also witnessing super profits thanks to the rising demand coupled with stagnant production and the removal of price and distribution controls. Most of the scrips are highly underpriced. The prime picks here are AP Paper, West Coast Paper and Pudumjee Pulp.

Since freight rates are looking up the world over, South India Shipping, Chowgule Steamship, Essar Shipping and Great Eastern are good buys.

■ On the other industries.

Demand for bearings has been on the rise and smuggling (of these items) is on the decline. Austin Engineering and Fag Precision are worth a look. In dyestuffs, one can pick up Arlabs and Chemfab Alkalies. Auto ancillary unit scrips such as Bharat Seats, Machino Plastics and Lakshmi Precision Screws are good buys. With the rupee depreciating vis-a-vis the yen, ancillary units have been forced to step up the pace of indigenisation.

In caustic soda, since imports have been stopped, domestic producers are witnessing good price-realisation. Besides, the change in production technology has enabled these units to reduce production costs. The companies to invest in are Punjab Alkalies and Modi Alkalies.

Due to increased exports and falling cotton prices, the profitability of cotton textiles has increased. Standard Mills and Bombay Dyeing should be added to the portfolio.

The tractor industry is doing pretty well. The government is offering loans for the purchase of tractors and there has been increasing awareness of the fruits of mechanised farming. Punjab Tractors is a good bet.

■ On random scrips worth investing in.

There are plenty of prime picks. BCL Forgings, Indo-Gulf Explosives, Alfa-Laval, Caprihans India, Deepak Nitrite, Graham Firth, IDM, Indian Card Clothing, Nicholas Labs, S.I. Viscose, Special Steels, Super Sales, Tata Oil Mills, GNFC and Sesa Goa.

■ On the strategy that Larsen & Toubro (L & T) investors should follow.

L&T shareholders should hawk off the shares,if not all,at least a major portion of the holding. The true price of this scrip is around Rs 60.

■ On the sort of P/E one should look for while making purchase decisions.

We go for scrips which have a P/E of less than 10.

■ On the tax shelters available now considering the changes in s.80C.

The investing community is yet to take advantage of the highly attractive s.54 which deals with long-term capital gains.

■ On the scrips one should discard from the portfolio.

One should get rid of Madras Cement, L&T, Indrol and Siltap Chemicals, to name a few.

■ On how one should spread one's investment.

One cannot generalise. The investment-mix depends on a lot of factors such as temperament, risk-taking ability, age, level of income, tax and proximity to the stock exchange.

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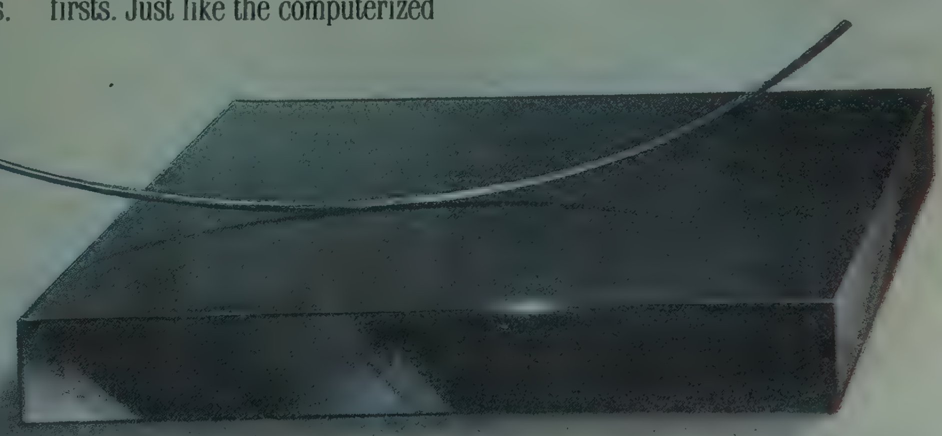

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A TWO-OPTION SCHEME

Encouraged by the success of its earlier monthly income schemes, the Unit Trust of India (UTI) has now offered a new close-ended Scheme — MISG 1990. The scheme has two options: one can opt for a monthly income plan (if the need is for a regular income), or one can go in for a cumulative plan.

MISG 1990 is basically an income-cum-growth oriented scheme with a maturity period of seven years. Under option A, an investor is assured of a 12% annual dividend payable every month. But instead of receiving 12 income warrants in 12 months, the investor receives 13 warrants, the last one being the yearly bonus dividend of 1% at the end of each year. As 12%, compounded monthly, yields a return of 12.7%, the total return, inclusive of the 1% bonus, works out to 13.7% per annum.

Dividend warrants for four years along with four yearly bonus dividend warrants are to be sent along with the unit certificate by 31 August 1990. Dividend warrants for the remaining period will be sent in advance later.

Option B is in the nature of a cumulative deposit scheme under which income at the above rate will be automatically reinvested on a month to month basis in further units at par, with the original investment growing two-and-a-half times in seven years. The accompanying table shows the yearwise growth of Rs 1,000 of original investment during the scheme period.

On the termination of the scheme, a rounded off amount of Rs 2,500 is to be paid back for every Rs 1,000 invested. It needs to be noted that the option exercised at the time of filling up the application form is final and cannot be changed subsequently.

The units issued will be of the face value of Rs 10 each and applications will be in multiples of 10 units subject to a minimum of 100 units (i.e. Rs 1,000). There is no limit as to the maximum amount investible, and no bar on putting in multiple applications either.

Applications for this scheme can be made by resident adult individuals, singly or jointly; minors, through parents or guardians; persons investing for the benefit of the mentally handicapped; registered societies, including cooperatives; corporate bodies; and charitable and religious trusts or endowments.

Applications made in the names of non-resident Indians (NRIs), foreign nationals, Hindu undivided families (HUFs) and partnerships will not be accepted. If applications are made by lawful guardians, they should be accompanied by orders from a competent court indicating who the guardians are. Joint applications on behalf of minors along with adult individuals are not allowed.

In the case of eligible institutions and corporate bodies, applications will be accepted under the signature of two officers who are duly authorised. The necessary resolutions have to accompany the applications. Units will be issued to the eligible institution or corporate body in its name and not in the name of office bearers.

If an application is made for the benefit of a mentally handicapped person, a certificate from a registered medical practitioner is required.

The following tax benefits will be available to the first-named individual applicants only:

- There shall be no deduction of tax at source.
- Under s.80L of the Income Tax Act 1961, income from MISG 1990, along with income from certain other specified investments, will be eligible for deduction from total income upto Rs 10,000. Investors who opt for the cumulative growth option are advised to include income, accrued and reinvested every year, in their total income and claim the permissible exemption under s.80L.
- Investment in MISG 1990 is entitled to exemption from wealth tax within the overall limit of Rs 5 lakhs under s.5(1)(xxIVa) of the Wealth Tax Act, 1957.

An attractive feature is that the income and corpus of charitable and religious trusts invested in this scheme qualify for income-tax exemptions. Units are approved securities under s.11(2)(b)(ii) of the Income Tax Act. Eligible institutions investing in units, therefore, qualify for tax exemption in respect of income and corpus under ss.11 and 13 of the Act. However, such eligible institutions/corporate bodies have to obtain a certificate for non-deduction under the second proviso to s.194 of the Income Tax Act (or for exemption under s.10 of the Income Tax Act, as

IN A NUTSHELL

Scheme: A close ended, two options scheme offered by the Unit Trust of India (UTI) from 1 April to 30 May 1990.
Maturity period: Seven years.
Face value: Rs 10 per unit.
Options: Option A is a monthly income plan with a rate of interest of 12% per annum (p.a.) payable monthly. In addition, there is a 1% bonus dividend payable at the end of each year, giving a gross return of 13.7% p.a. Under option B, the original investment grows two-and-a-half times in seven years.
Minimum & maximum amount investible: Applications have to be in multiples of 10 units, subject to a minimum of 100 units (i.e. Rs 1,000). There is no upper limit. Cheques are payable to "Unit Trust of India — MISG 90."
Eligibility: (1) Resident adult individuals; (2) minors through parents/guardians; (3) persons investing for the benefit of mentally handicapped persons; (4) bodies corporate, registered and cooperative societies; (5) charitable and religious trusts or endowments.
Tax benefits: (1) No tax deduction at source; (2) income-tax deduction under s.80-L upto Rs 10,000; (3) wealth-tax exemption under s.5(1) upto the overall limit of Rs 5 lakhs. Only first individual applicants are entitled to tax benefits.
Other features: (1) Loans can be availed of against the pledging of units; (2) transfer of units allowed under the cumulative option only; (3) premature encashment allowed after three years; (4) nomination facility available.

the case may be) and submit the relevant certificate along with the application. Failing this, the UTI will deduct tax at source.

As dividend warrants are to be sent in advance, eligible institutions will have to furnish the necessary non-deduction/exemption certificates well in time either along with the application or before 31 July 1990 for the first year and before 31 March in every subsequent year. These institutions have to indicate the permanent account numbers (PAN) allotted by the income tax authorities along with particulars of the income tax office where they are assessed.

Loans can be obtained by holders of MISG 1990 units by pledging the same with the Central Bank of India. A transfer of units is allowed under the cumulative option only. Nomination facilities are available for individuals only. Minors can also be nominated, but persons applying on behalf of minors (and for the benefit of mentally handicapped persons) cannot do so. A change of nomination is allowed anytime during the currency of the scheme.

Period of holding	Value of accumulated investment of 100 units
1 year	Rs 1,137.98
2 years	Rs 1,295.00
3 years	Rs 1,473.69
4 years	Rs 1,677.03
5 years	Rs 1,908.43
6 years	Rs 2,171.76
7 years	Rs 2,471.42

UTI's latest offering is a close-ended scheme, MISG 1990, which has two options: a monthly income plan or a cumulative deposit plan

Premature encashment is allowed under the scheme from 1 July 1993. No requests for *partial* repurchases will, however, be entertained. It may be noted that the bonus dividend entitlement follows only on the completion of the seven-year period of holding. There is no prorata bonus for premature encashment.

MISG 1990 is open for two months (April and May this year). All applications accepted on or before the 15th of the relevant months are eligible for income distribution during the same month.

UTI has been receiving an overwhelming public response to its five-year, close-ended monthly income schemes mainly because of the 'safety' factor. This time, the maturity period has been extended to seven years, which appears to be a bit too long.

Non-taxpayers may, therefore, opt for shorter term, equally safe fixed deposit schemes of public limited companies like Supreme Industries, Shriram Investments, Shakti Finance, Empire Finance and others offering 14% per annum under their monthly income plans for three years.

■ *M.D. Mukhi*

The author is the president of the merchant banking division of Batlivala and Karani.

ISSUESCAN

The housing materials sector is about to witness a new entrant: **Kedia Agglomerated Marbles** (KAM). The company belonging to the little-known Kedia group has already commenced production, which is targeted at 8.3 million square feet per annum, at its plant in Halol in Gujarat. KAM has a tieup with an Italian company to manufacture these marbles in tiles, blocks and slabs. The company is coming out with a public issue of 22.85 lakh equity shares of Rs 10 each at par on 2 May 1990.

Agglomerated marble, the company claims, is cheaper than natural marble of comparable quality. Besides, it is stronger than ceramic tiles and has a better appearance. So, KAM sees no problems in selling the product as it can be used for flooring and wall-covering both interiors and exteriors.

Though the ceramic tiles market is facing a problem of overcapacity with margins being squeezed, the company has an advantage in that the Kedia group has interests in the construction business.

Recommendation: A reasonable issue.

From low carbon basic mild steel to high value special alloys and stainless steel. That's where the Jains of **Rishab Concast Ltd.** (RCL) plan to take the company through expansion of manufacturing facilities. However, though the promoters claim "proven managerial ability of running various businesses" they don't have a track record worth the claim.

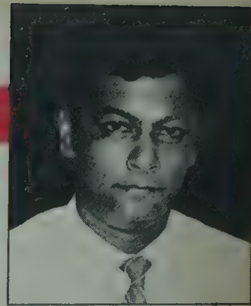
The plant, located in the Thane district of Maharashtra, now manufactures 8,000 tpa of mild steel ingots. The expansion programme will raise this to 24,000 tpa. Part of the facilities will be utilised for a forward integration plan to manufacture high value alloy steels and stainless steels. To raise part of the estimated project cost of Rs 3.73 crores, the company is tapping the public on 4 May 1990 with an issue of 17.15 lakh shares of Rs 10 each at par. The project is expected to commence commercial production by June 1990.

Recommendation: Could be skipped.

The promoters of Ruchi Soya and National Steel Industries Ltd. (NSIL) are floating **Ruchi Strips and Alloys Ltd.** (RSAL). The new company is entering the capital market with an issue of 35 lakh equity shares of Rs 10 each at par on 3 May to finance its plans to roll out 50,000 tpa of cold rolled steel coils. To be set up in Madhya Pradesh, the project is estimated to cost Rs 41.20 crores. The plant is expected to commence commercial production by September 1990. The products find application in automobile and consumer durable industries. The main raw material, hot rolled coils will be sourced from the Steel Authority of India.

Marketing poses no problem since cold rolled coils and strips are, at present, being imported to meet the rising demand. Besides, NSIL has agreed to pick up a major chunk of RSAL products.

Recommendation: Apply in small quantities.



LONG & MEDIUM-TERM PICKS

Flakt India went public in 1983 with an issue of 12.75 lakh equity shares at a premium of Rs 2 per share. Since then, the company has made steady progress. While turnover for the year to 31 December 1989 has risen to Rs 47.86 crores (as against Rs 17.51 crores in the year to 31 December 1983), net profit has moved up to Rs 2.12 crores (Rs 80 lakhs) in the same period. The company has also made two bonus issues — 1:3 in 1986 and 2:5 in 1989 — during this period. Thus an investment in Flakt India has grown 10 times over seven years.

The company is a 51%-owned subsidiary of Swedish giant Flakt AB, which itself is owned by Asea Brown Boveri. Flakt AB is a pioneer and world leader in the air-pollution control market, as is its Indian subsidiary in this country.

Rapid industrialisation has brought along with it the problem of environmental pollution in this country. In spite of the Air (Prevention & Control) Act being passed in 1981, industry has shown disregard for the environment. Consequently, the air-pollution control equipment market has not expanded in the country as expected. But with Maneka Gandhi, the Union minister of state for environment & forests, now stating that things could get tough for environmental offenders in industry, air-pollution control equipment manufacturers could get a shot in the arm over the next five years. And a beneficiary of this policy will be Flakt India. The company last expanded capacity with a plant set up in Tamil Nadu, but it had to agree to a dilution in its foreign equity holding from 60% to 51%. Any further expansion would mean further dilution which Flakt India can ill-afford as it would mean losing its subsidiary status. Along with this, access to the latest technology from its Swedish parent would also be lost. This could prove expensive as air-pollution control equipment requires research and development funding of a magnitude Flakt India doesn't possess. Therefore, in all probability, the company will not go in for expansion as the benefits from a boom in the air-pollution control market will amply make up for the benefits arising from expansion.

Presently quoting at around Rs 60-65 (which includes the dividend of 18%), the shares of Flakt India are worth investing in for the long term.

> ***B**usinessWorld* **takes a closer look at three scrips —Flakt India, Super Spinning Mills and Gajra Bevel Gears—worth investing in for the long and medium term**

Super Spinning Mills Ltd. (SSML) has been manufacturing cotton yarn of 60 and 100 counts since its incorporation in 1962 at its plants in the Anantapur and Hindupur districts of Andhra Pradesh. A part of the L.G. Balakrishnan Group (which includes Elgi Equipment, Elgi Tyres and Precot Mills), SSML has had a satisfactory financial track record. Income and profits have steadily consolidated over the years, except in the 1987-89 period, when unfavourable market conditions pressured margins. However, with the current boom in the cotton textiles industry, SSML has reported encouraging results for the six months ended 30 September 1989, with sales at Rs 18.95 crores and net profit at Rs 2.06 crores on an equity capital of Rs 1.75 crores. The earning per share (EPS) works out to Rs11.77 for the first half.

The company's management is known for its liberal distribution policy. Bonus accounts for 86% of the company's present equity capital. The last bonus was issued in 1987 in the ratio of 2:5.

The shares of SSML are listed on the Madras stock exchange and are currently traded around Rs 90. The proposal to get shares listed on the Bombay stock exchange would impart liquidity to this scrip. With the second half expected to be equally good, the shares of SSML offer a potential 40% rise over the next 12 months.

Gajra Bevel Gears, a Dewas (Madhya Pradesh)-based manufacturer of ring gears and pinions, has turned the corner. For the year ended 31 March 1988, the company reported a turnover of Rs 9.43 crores with a small net profit of Rs 3 lakhs. In the subsequent year, the turnover moved up to Rs 13.58 crores with a net profit of Rs 49 lakhs. For the six months ended 30 September 1989, turnover is placed at Rs 7.10 crores and net profit at Rs 38 lakhs. For the full year ended 31 March 1990, the company is expected to notch up a net profit of about Rs 1.75 crores on an equity capital of Rs 2.07 crores. This would mean an EPS of Rs 8.45. The turnover for the current year ending 31 March 1991 is slated to cross Rs 50 crores with a substantial jump in profits.

Gajra Bevel is presently undertaking a Rs 11.5 crore expansion to increase its capacity from 2,500 tonnes per annum (tpa) to 6,300 tpa. The expansion is to be financed through a rights issue in the ratio of 1:1, which will raise Rs 2.50 crores, inclusive of 15% excess subscription retention. An additional Rs 7.5 crores is to come from institutional loans and the balance Rs 1.5 crores through internal accruals.

The present market price of Gajra Bevel is around Rs 36-38. If the price drops to around Rs 30-32, it would prove an ideal investment for the medium term. The 1:1 rights issue along with the 15% excess subscription retention would mean an additional investment of Rs 1,150, making a total investment of Rs 4,350 for 215 shares, which gives an average price of Rs 20 per share. Thus, on a medium-term basis, the shares of Gajra Bevel appear attractive.

■ *Clifton De'silva*
The author is a Bombay-based investment manager.

JAYANT VITAMINS

FLUCTUATING HEALTH

In the six months to 31 December 1989, Jayant Vitamins suffered a severe setback and went into the red. The reasons: reduced sales (down 25%) and higher interest (up 25%) and depreciation charges (up 43%). Turnover declined to Rs 13.92 crores and the company ended up with a net loss of Rs 0.66 crores against a positive bottomline of Rs 1.36 crores in the corresponding six months last year.

JAYANT VITAMINS (Rs crores)	12 months ended 30 June 89	12 months ended 30 June 88
Gross revenue	36.53	30.89
Gross profit	4.34	3.90
Profit after tax	2.97	2.23
Equity capital	3.87	3.87
Reserves	7.01	5.11
Gross profit margin (%)	11.90	12.60
Return on net worth (%)	26.10	24.30
Dividend (%)	25.00	21.00
Earning per share (Rs)	7.70	5.80
Book value per share (Rs)	28.10	23.20

Source: Annual reports

The company makes Vitamin C and sorbitol. In the year to 30 June 1989, it had reported higher profits due to lower depreciation and tax liabilities. Net sales at Rs 33.50 crores registered 14% growth over the year before. With both operating and gross profits improving by about 10% following a tax liability, the net profit was up by 33% to Rs 2.97 crores.

During 1988-89, sales of Vitamin C increased by 5% to 709 tonnes and the average sales realisation per tonne rose 16% to Rs 2.82 lakhs. The sales volume of sorbitol increased by 18% but its average sales realisation was down by 9%.

Margins were under pressure during the year, and the gross margin was down to 11.9% (12.6%). Net margin was, however, higher due to lower depreciation at 8.1% (7.2%). With higher earning per share (EPS) at Rs 7.70 (against Rs 5.80), the company stepped up dividend to 25% (21%).

During the first half of 1989 (January-June), the trend reversed and gross margins tumbled to 2.2% (10.9%).

The company's earnings in 1988-89 discount its market price of Rs 31 (30 March) by only four times. (The scrip hit a high of Rs 52 in 1989 and a low of Rs 36.) The company's unpredictable workings have often resulted in violent fluctuations in the scrip, which may fall by a few more points. One may invest in the scrip around Rs 20-24 only for the long term.

COCHIN REFINERIES

BRIGHT PROSPECTS

Cochin Refineries Ltd. (CRL) was incorporated as a government company pursuant to a formation agreement between the government, Duncan Brothers and Phillips Petroleum of the US. Of the total equity, the government took up 62.5% and the American collaborator 18.5%. CRL is the fourth largest refinery in the country with a capacity of 4.5 million tonnes per annum (about 9% of total refining capacity of 51.85 million tonnes).

As part of its worldwide financial restructuring and asset disinvestment programme, the American collaborator made an offer to sell its stake to the public in October 1988. In all, 1,85,007 equity shares of Rs 100 each were offered at a premium of Rs 100 each. Soon after this, the company made a massive rights issue in the ratio of six shares for every share held. The Rs 60 crore rights issue was to bring down the debt-equity ratio.

The company's working after the public issue has been excellent. For the six months ended 30 September 1989, net profit more than doubled to Rs 25.98 crores against Rs 10.57 crores in the corresponding six months of 1987-88. This improvement was brought about by lower inputs costs and a reduction in interest costs, since sales improved by a mere 2% to Rs 637.78 crores.

The increases in operating and gross profits were more than proportionate. Operating profit rose by 44% to Rs 44.62 crores (Rs 30.91 crores) and gross profit by 93% to Rs 38.91 crores (Rs 20.12 crores). The EPS for the six months was lower at Rs 38 (Rs 106) due to the expanded equity base after the rights issue. Assuming a 15% growth in sales and a net margin of 5%, the company is likely to report a profit of Rs 60 crores for the current year, which could yield an EPS of about Rs 90 (per Rs 100 share).

The company's petroleum products are marketed by Indian Oil. The pricing formula fixed by the government ensures a pre-tax return of 24% on net worth at 90% capacity utilisation. For the year to 31 March 1989, the company recorded a rise of 13.3% in sales volume and 0.41% rise in average sales realisation. The production was

COCHIN REFINERIES (Rs crores)	(AFTER THE PUBLIC OFFER)	(BEFORE THE PUBLIC OFFER)	
	12months ended 31 Mar 89	12 months ended 31 Mar 88	12 months ended 31 Mar 87
Gross revenue	1,168.74	1,052.43	804.26
Gross profit	61.78	45.60	29.60
Profit after tax	41.56	19.54	4.65
Equity capital	68.47	10.00	7.00
Reserves	82.15	42.39	23.70
Gross profit margin (%)	5.31	4.30	3.70
Return on net worth (%)	27.55	37.30	15.10
Dividend (%)	18.00	12.00	12.00
Earning per share (Rs)	60.61	195.40	46.00
Book value per share (Rs)	219.98	524.00	439.00

Source: Annual reports

up by 16% and the capacity utilisation improved by 15% to 106%.

Profitability during 1988-89 improved considerably due to the higher value addition of Rs 95.11 crores. That apart, lower interest and depreciation charges resulted in a 100%-plus increase in the bottomline at Rs 41.56 crores. Gross revenue during the year improved by 11% to Rs 1,168.73 crores, operating profit jumped by 4% to Rs 75.44 crores and gross profit by 35% to Rs 61.78 crores.

The operating margin during the year declined by 0.5% to 6.5%. However, gross and net margins improved to 5.3% (4.3%) and to 3.6% (1.9%) respectively. Due to the expanded equity base, the return on net worth was lower at 27.6% (37.3%). During the first half of the current year (April-September 1989), margins improved considerably. The gross margin almost doubled to 6.1% (3.2%) and the net margin was higher at 4.1% (1.7%).

The company's prospects are extremely bright. The demand for petroleum products was estimated at 52.8 million tonnes in 1989-90. The projections are that it will go up to 77.8 million tonnes in 1994-95 and to 101.3 million tonnes by 2000 AD. To take advantage of this, CRL is raising its capacity from 4.5 million tonnes to 6 million tonnes. To become self-sufficient in power, the company plans to set up a 20 Mw captive power plant costing Rs 57 crores by 1991.

The company has set up an aromatics complex at a cost of Rs 77 crores to manufacture 87,200 tonnes per annum (tpa) of benzene and 12,000 tpa of toluene. It plans to manufacture 75,000 tpa of normal paraffin and is setting up a joint venture project to manufacture polybutene, polyisobutelene and maleic anhydride.

The CRL scrip, on being listed, started quoting around Rs 400. The attractive rights issue lifted the scrip to Rs 1,000 and on becoming ex-rights, the scrip was traded around Rs 250. Following the announcement of excellent half-time working results, the scrip gained more than 100% in about five months. Currently quoted at Rs 630, the yield per share works out to 2.86% and the price-earnings (P/E) multiple works out to 10.39. Considering the projected EPS of Rs 90 and a P/E ratio of 10, there is still scope for further appreciation.

COCHIN REFINERIES

(Rs crores)	6 months ended 30 Sep 89	6 months ended 30 Sep 88
Sales	637.78	626.12
Other income	0.02	0.39
Operating profit	44.62	30.91
Gross profit	38.91	20.12
Depreciation	7.91	7.50
Tax	5.02	2.05
Net profit	25.98	10.57

Source: Company

SHRI RAM FIBRES

LOWER PROFITS

Shri Ram Fibres disappointed shareholders in the year to 30 September 1989. The company, engaged in the manufacture of nylon tyre cord, nylon mouldings and synthetic filament yarn, reported lower profits on a gross income higher by 13% at Rs 106.24 crores. Gross profit, however, declined by 3% due to a doubling of interest costs to Rs 10.96 crores and a 22% rise in depreciation (Rs 6.15 crores). Even a 13% fall in tax liability could not prevent the bottomline from sliding down by 22% to Rs 4.69 crores.

Nevertheless, the company didn't penalise shareholders. Despite a lower EPS of Rs 4.50 (Rs 5.80), the company stepped up dividend by two points to 20%. The payout ratio, as a result, was about 13% higher at 44.1%.

Nylon tyre cord and yarn fabric account for more than 75% of its gross turnover. The sales volume during the year declined by 9% to 5,257 tonnes, perhaps due to the four-month strike at its tyre cord plant. The sales realisation per tonne of tyre cord, however, was up 17% due to better market conditions. Likewise, the average sales realisation per tonne of synthetic filament yarn improved by 17%.

SHRI RAM FIBRES

(Rs crores)	12 months ended 30 Sep 89	12 months ended 30 Sep 88
Gross revenue	106.24	90.74
Gross profit	11.84	12.22
Profit after tax	4.69	6.01
Equity capital	10.35	10.35
Reserves	53.62	52.65
Gross profit margin (%)	11.10	13.10
Return on net worth (%)	7.30	9.50
Dividend (%)	20.00	18.00
Earning per share (Rs)	4.50	5.80
Book value per share (Rs)	61.80	60.90

Source: Annual reports

The company suffered mainly due to increased borrowing, which jumped by Rs 52 crores to Rs 81.10 crores, resulting in an over 100% increase in interest costs. On the other hand, debt recoveries were slow. Against a 15% rise in sales, receivables were higher by four times to Rs 23.28 crores.

The company added Rs 28.62 crores to its net block in 1988-89 and modernised the nylon tyre cord plant, raising its capacity to 15,000 tpa. The company is now setting up a project in collaboration with the Bihar State Industrial Corporation and the Steel Authority of India to produce 50,000 tpa of caprolactam. It has proposed to set up another nylon tyre cord plant with a capacity of 15,000 tpa.

The company is also looking at other profitable areas. Its refrigerant gases project commenced production in March 1989 and the products are meant for exports. It has successfully developed various fluorine products which are currently imported. Work on its synthetic glycerine project is progressing as per schedule.

The scrip's 1989 highs and lows were Rs 94 and Rs 51 respectively. The current market price of Rs 55 discounts its 1988-89 EPS by a little over 12 times. In view of the reasonably good prospects, one may continue to hold on to the scrip. Fresh investment is advisable only after looking at the terms of the proposed rights issue of cumulative convertible preference shares and the half-yearly figures.

■ *M.C. Ved*

LONG-TERM PICKS

With the political clime still uncertain, it is advisable to be wary about new investments. There are, however, a few scrips which qualify as good long-term buys.

Rajinder Tubes Ltd. (sales: Rs 22.71 crores for the 15-month period ended March 1989) is quoted at Rs 34.50 on the Bombay stock exchange (BSE). A low profile Kanpur-based company, Rajinder Tubes is engaged in the manufacture of metal pipes. The pipes have a variety of applications and the market is growing. Today these pipes are utilised in conveying gas, water, air and steam in domestic as well as industrial applications. The pipes also find utility in applications such as material handling, structurals, vehicle bodies and engineering applications.

Rajinder Tubes has built up a good domestic marketing network and the export market is also booming. The company gets about 15% of its turnover from exports.

Raw material — hot rolled coils and skelps — is procured from Steel Authority of India and Tata Steel. Other items like zinc and tin are procured from the Minerals & Metals Trading Corporation.

PERCEPTIBLE IMPROVEMENT

The company had come out with a public issue in January 1989 and the shares were offered at a premium of Rs 7. The equity, at present, stands at Rs 2.03 crores and the reserves at Rs 1.96 crores. The company had reported a profit of Rs 81 lakhs for the 15-month period ended 31 March 1989. The EPS worked out to Rs 3.19. However, there has been a perceptible improvement in profitability now and for the six months ended September 1989, the EPS has improved to Rs 5.8 (annualised). The company has maintained an annual growth rate of about 100% in production and sales since inception. Even for the current year ending March 1990, the sales are expected to be about Rs 33 crores. The share may be added to one's portfolio at every decline and can be safely picked up even at the current prices.

J.B. Chemicals Ltd. (sales: Rs 34.68 crores for the year ended June 1989) is currently quoted at Rs 61 on the BSE. Although the performance for the year ended June 1989 was nothing to rave about, the company has produced excellent results for the six months ended December 1989. Net profit has zoomed to Rs 2.5 crores resulting in the EPS moving up to Rs 6.18 for the six-month period.

BusinessWorld takes a look at three scrips worth investing in for long-term gains

The profitability has reportedly improved due to profits generated by the glyoxal plant which was commissioned during 1989. The company has been regularly paying dividend since it went public in 1985. For 1989, it dished out 23%. Consequent to the conversion of debentures, the company's equity capital stands at Rs 4.04 crores. J.B. Chemicals has already decided to diversify into the production of glass bottles (a project similar to Gujarat Glass, a Piramal group company which recently issued shares at a premium of Rs 10). The project cost is estimated to be Rs 12 crores.

TAX AXE

The company's gross profit margin has virtually doubled and currently stands at 14.54%. The profit would have been higher but for the income tax provision of Rs 1.01 crores as against only Rs 9 lakhs in the previous year. J.B. Chemicals is generating over 30% of its turnover from exports and it has already exported bulk drugs worth about Rs 13 crores in the current year.

With fresh government sops for exports, J.B. Chemicals should continue to do well, provided the Drugs (Prices Control) Order does not affect it adversely. The share is discounted only six times and has a potential to improve further.

Rampur Distillery & Chemicals Co. Ltd. (sales: Rs 41.8 crores for the year ended June 1989) is currently quoted at Rs 32.50 on the BSE. The company was incorporated in 1943 and it manufactures denaturated spirit, alcohol, potable spirits, ether and other products from the distillation of molasses, sugar etc. It is also engaged in trading and setting up engineering projects. The company also manufactures single superphosphate fertilisers. The 1986 and 1987 droughts had affected the company's fortunes adversely. With the budget now allocating more resources to the agricultural sector, the fertiliser industry should do well.

Rampur has an equity capital of Rs 4.84 crores and it reported a profit of Rs 1.51 crores for the year ended June 1989. It paid a dividend of 15% in 1989. The company will clock up sales of Rs 60 crores for the year 1989-90 and the net profit is expected to be about Rs 2.7 crores. The EPS is expected to be about Rs 5.5. With the market price at only Rs 32.50, the potential to move up exists.

■ *Gul Teckchandani*
The author is a Bombay-based chartered accountant and financial consultant.

INVESTMENT WORLD

INVESTOR CONTEST

Last date for the receipt of entries: 9 May 1990

There's no entry fee, no risk. But there's Rs 5,000 to be won every fortnight. Here's how.

Every contestant is given a notional Rs 1 lakh to invest in shares. The money can be invested in upto five scrips listed on the Bombay stock exchange (BSE) at closing prices on a reference date specified by *BusinessWorld(BW)*. This notional portfolio will be evaluated by *BW* a month later (approximately). Three contestants, whose portfolios register the largest gains, will be entitled to cash prizes: Rs 2,500 being the first prize, Rs 1,500 the second, and Rs 1,000 the third. The names of all the winners will be published in *BW*.

THE RULES

1. The notional amount to be invested is Rs 1,00,000.
2. Investments (in market lots only) can be made in any five companies' equity shares which are listed on the BSE.
3. Investments in debentures or securities other than equity shares are not permitted.
4. No investment can be made in scrips in which there has been no trading on the reference date for investment (2 May for Contest No.12).
5. Investments in scrips quoted below par value on the investment date cannot exceed 25% of the total (Rs 25,000).
6. The maximum amount investible in any one scrip is Rs 50,000.
7. Investments must be made on the basis of the closing prices of shares on a date specified by *BW*. **This time the date is 2 May 1990**. Quotations based on prices at stock exchanges other than Bombay will not be permitted.
8. The portfolio will be evaluated on a date (to be specified by *BW*) roughly one month after the investment date. **This time the date is 30 May 1990**. This too will be on the basis of the closing quotations of the BSE. The official list of the exchange will be the source for determining closing prices. Quotations published in newspapers, magazines or any other publication will not be accepted. In the event of there being any difference in the price quotations given by the contestant and the official list of the Bombay stock exchange, the investments will be deemed to have been made at the latter prices.
9. If the BSE is closed on the specified days, the closing quotations of the first subsequent trading day will be taken into account.
10. Any odd amount left uninvested in the notional portfolio will be assumed to have been deposited in a savings bank account earning an interest of 5% p.a.
11. Contestants will have the option either to invest the entire amount of Rs 1,00,000 (or part thereof) in equity shares or in a savings bank account. (This is just in case investors think stock values will crash and that the money is better invested outside the stockmarkets.)
12. All entries should be accompanied by a coupon (given below) bearing the contest number and must reach the editorial office of *BW* not later than the date specified. **For Contest No.12, the last date for the receipt of entries is 9 May 1990**. Envelopes should be sent by ordinary post only and must carry the following on the outside in big bold letters:"*BW* INVESTOR CONTEST NO.12 (or whatsoever the contest number is). The envelope must be addressed to: The Editor, *BusinessWorld*, 145, Atlanta, 209 Ceremonial Boulevard, Nariman Point, Bombay-400 021.
13. In case of a tie, the money will be divided equally among the winners. For example, if the top two portfolios show the same level of appreciation, the prize money for the first and second prizes will be pooled and distributed to the two winners.
14. For the purpose of this contest, it will be assumed that no brokerage is paid for the purchase of shares.
15. Contestants can send in any number of entries, but each of them must be accompanied by the relevant coupon. Coupons for contest No.12 cannot be used for Contest No.13 and so on.
16. The decision of the Editor, *BusinessWorld*, will be final in deciding any disputes vis-a-vis this competition, which will not be open to any employee of the Ananda Bazar Group of Publications.

Winners of

INVESTOR CONTEST NO.8.

FIRST PRIZE (Rs 2,500): R.L. Paranjape

Paranjape's portfolio appreciated to Rs 1,93,605.

SECOND PRIZE (Rs 1,500): A.K. Ramesh

Ramesh's portfolio appreciated to Rs 1,50,740.41.

THIRD PRIZE (Rs 1,000): Vineet Agarwal

Agarwal's portfolio appreciated to Rs 1,47,600.83.

In Contest No. 8, we have the unusual spectacle of two previous winners — R.L. Paranjape and Vineet Agarwal — taking the first and third prizes. Not surprisingly, both of them stuck to the tried and tested formula of putting their entire money in one or two scrips: in Paranjape's case, it was First Leasing and in Agarwal's case it was Belwal Spinning and HEB Luggage. But it was the second prize winner, A.K. Ramesh, who exemplifies the astute portfolio investor. Ramesh's well-distributed investment over five scrips — Grasim, Reckitt & Colman, L&T, Essar Gujarat and Videocon International — got him a portfolio appreciation of over 50% across the board, but not enough to earn him the first prize. Better luck to him next time.

Congrats!

INVESTOR CONTEST NO.12 — ENTRY FORM

Name of scrip	Price on 2 May 1990	Number of shares purchased	Total investment
Total money invested from Rs 1 lakh capital			

Name:

Address:

ANNOUNCEMENTS

BOOK CLOSURES

For rights:
Amforge Ind, 12.5% fully convertible debentures of Rs 70 each in the ratio of 1:5. Record date: 25 April.
Dharma Products, equity shares of Rs 10 each at par in the ratio of 1:1. Record date: 12 May.
For conversion
Kesoram Industries: 12.5% Rs 35 into 1 share. Record date: 25 April.

DIVIDEND

(The record date precedes and the percentage of dividend follows the company's name. 'i' stands for interim dividend and 'f' for final.)
25 April: Rajinder Tubes 10% (i).
1 May: Escorts 14% (i).
10 May: Amforge Ind 15% (i).
16 May: Pond's India 20% (f).
23 May: Motor Industries 7% (f).

MUTUAL FUNDS

(Figures valid till 30 April 1990.)
Unit scheme 1964: repurchase price Rs 14.25 and selling price Rs 15.35.
Unit Linked Insurance Plan (ULIP) 1971: repurchase price Rs 12.40 and selling price Rs 12.80.
Children's Gift Growth Fund 1986: selling price Rs 10.
UTI Capital Gains Unit Scheme 1983: repurchase price Rs 11.15 and selling price Rs 11.35.
Unit scheme for charitable & religious trusts and registered societies 1981: repurchase price Rs 114 and selling price Rs 118.
Growing Income Units Scheme 1986: repurchase price Rs 104.
Growing Income Units Scheme 1987 (I): repurchase price Rs 10.35.
Parent's Gift Growth Fund 1987: selling price Rs 100.

CRISIL RATINGS

Fixed deposits:
FAAA rating: Balmer Lawrie, Indal, Bajaj Auto.
FAA+ rating: Mahindra Ugine, Mukand.
FAA rating: Apar, Gujarat Ambuja Cements, Precision Fasteners.
FA+ rating: Shri Vindhya Paper Mills.
Debentures:
(CD = fully convertible; PCD = partly convertible debentures; NCD = non-convertible debentures; PP = private placement. The year mentioned after the company's name is the redemption date.)
AAAA rating: 12.5% CD Ashok Leyland 1994-98, 15% NCD Bajaj Auto 1991, 13% Bonds IPCL 1995.
AA+ rating: 13.5% NCD Mukand 1988-92, 12.5% PCD Mahindra Ugine.
AA rating: 14% NCD of FDC Ltd (PP).
AA- rating: 14% NCD Super Tannery (India) (PP), 14% NCD Precision Fasteners (PP).
A+ rating: 14% NCD HCL Ltd (PP), 14% NCD Kirloskar Brothers 1985.
Fixed deposits of finance companies.
FAAA rating: 20th Century Finance, Cholamandalam Investment & Finance, Sundaram Finance.
FAA+ rating: Industrial Credit & Development Syndicate.
FAA rating: Gujarat Lease Finance, Integrated Finance Co., Shriram Fibre Finance, The Instalment Supply.
FAA rating: Premier Construction Co.
FA+ rating: Empire Finance, Kirloskar Leasing, Nagarjuna Investment Trust, Anagram Finance.
FA rating: Prakash Leasing.

INSIDE INFO

■ Bulls ran for shelter on 12 April, gripped by the fear of an imminent Indo-Pak war and cowed by the goings-on in Jammu & Kashmir and elsewhere. They unloaded as bears hammered merrily. The scrips which bore the brunt were the pivotals, particularly **ACC, Century, Century Enka, Bombay Dyeing** and **Baroda Rayon**. Bombay's big bull coterie overnight turned a bear cartel, converting even passive investors into disinvestors. The result: ACC lost 17 points, Century 130 points, Century Enka 125 points, Bombay Dyeing 11 points, and Baroda Rayon 27 points, all in a single trading session.

■ The institutions, particularly the **Unit Trust of India** (UTI), seemed to have lost much of their aggressiveness, perhaps for the better. The UTI stepped in to buy (on 12 April), but only half-heartedly. It purchased moderate quantities (by past standards) of **Tisco, Telco, Century, Premier Auto, Tata Chemicals** and **Baroda Rayon**. It was more of a salvaging operation than a truly bullish one. The result: the scrips slumped despite UTI's intervention.

■ **Bombay Dyeing** is being heavily tipped to take a big plunge soon. Technically the weakest among the pivotal scrips in the A group, Bombay Dyeing is expected to go down as low as Rs 140. The reasons touted: the much expected bonus issue might be shelved, the political scene is not all that encouraging (this being a share much-influenced politically) and a slash in DMT prices might be in the offing.

■ Bombay's big bull coterie is very long in **ACC**. Influenced by cement industry fundamentals, the coterie had earlier pushed the scrip from Rs 360 to Rs 430 after the Union budget. Thanks to a long position, the scrip didn't lose as much as others on 12 April — it lost just 17 points to touch Rs 415.

■ In early April, the market grapevine was abuzz with the info that **Reliance Industries** would soon announce its results for the year ended 31 March 1990, perhaps being even the first company to do so. One reason for this could be the idea of using Reliance's performance to convince Larsen & Toubro's shareholders and the investing public of Ambani's track record. Aiding the Ambanis, meanwhile, in mobilising proxies for the L&T vote is the Reliance house broker and his coterie.

■ The quiet and queer public issue of the Ambani-promoted **Reliance Capital & Finance Trust** had other things going quiet about it. **Reliance** insiders were quietly supporting the Reliance scrip, apparently with the success of the issue in mind. Perhaps, yet another reason why the scrip refused to fall below Rs 61 on 12 April, just a two-point loss.

■ Giving the Reliance insiders company were those of **SM Dyechem**. SM insiders were running amok in the scrip, with the forthcoming public issue in mind. Despite their efforts, however, the scrip declined from Rs 100 (4 April) to Rs 95 (12 April), thanks to market fears about an imminent Indo-Pak war beating them neck and crop.

■ There's action in **Modern Suitings**. The scrip which was hovering around Rs 35 in mid-March, rose to Rs 40 on 12 April. The grapevine has it that the company management and its associates are playing around in the scrip. Insiders insist that the scrip has yet to reach the peak — Rs 65 — which the management would like. If things go as planned, the scrip should touch that figure with the help of brokers by August, when the company is slated to float a rights issue.

DEFINITIONS & EXPLANATIONS

Starting with this issue, we launch our much-delayed corporate statistics section, styled Vital Statistics. While there are several publications that compile similar data, they leave something to be desired, mainly in the aggregation of gross figures like reserves, where the general tendency is to lump all kinds of notional reserves together and give investors less meaningful data. *BusinessWorld* has tried to pump more meaning into figures by disaggregating them where necessary so that investors can gauge for themselves the real financial or earnings picture of the company. Given below are the definitions and explanations for the various terms we have used in this section.

Equity capital is total issued capital or called-up equity capital (for new companies) without adjusting calls-in-arrears and forfeited shares. The latter have been excluded from our definition of equity capital since they are bound to get nullified as and when the calls get paid or shares get forfeited. The shares forfeited account anyway gets transferred to the capital reserve ultimately when the forfeited shares are reissued.

Free reserves include all retained reserves, whether on the capital or revenue account, free or funded. Revaluation reserves are excluded. As funded reserves (for example, the debenture redemption fund, capital redemption fund etc) ultimately get transferred to the profit & loss (P&L) account or the general reserves once their purpose is served, they are treated as free reserves and thus available for the issue of bonus shares.

Our definition of free reserves, however, excludes adjustments of P&L account debit balances and miscellaneous expenses written off. This adjustment is, however, being made while determining the book value of a company's shares. Miscellaneous expenditure is not taken into account as it is a charge against future profits and does not affect existing reserves.

The **book value** per share is defined as equity capital plus free reserves divided by the total number of shares issued. The book value is arrived at after adjusting the P&L account for debit balances (accumulated losses) and miscellaneous expenditure. Though book value can be determined even on the basis of total reserves (i.e. including revaluation reserves) we have adopted the more conservative definition. However, for those investors who prefer to view book value differently, the revaluation figures have been given separately for calculation purposes.

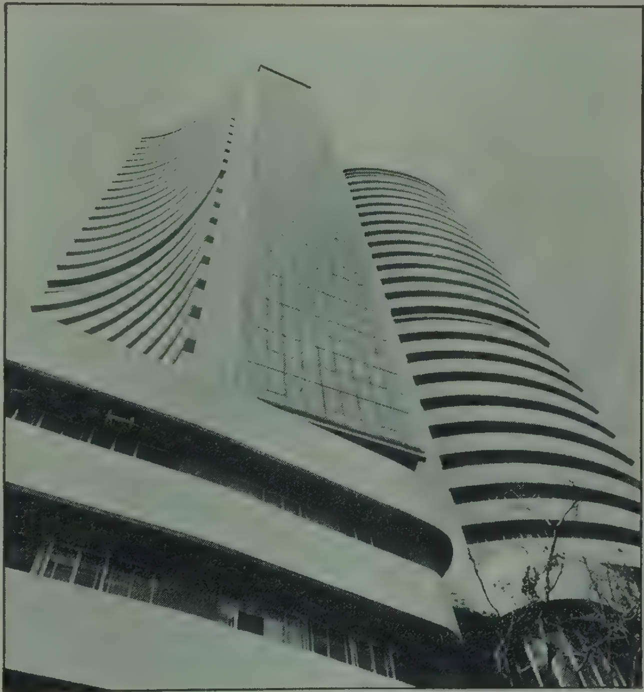
Sales is the aggregate value of goods sold and services rendered, inclusive of excise and sales tax, but net of returns of goods sold. Since excise and sales tax are charges against revenue, we feel they do not reduce the aggregate sales value.

All items of income not related to a company's operations are aggregated under the head **other income**.

For the purposes of our database, **gross profit** is defined as profit after interest but before depreciation and tax. The **gross margin** is gross profit expressed as a percentage of gross sales and other income.

Profit after tax (PAT) is the net profit after tax but before adjustments relating to prior accounting periods, reserves written back or short or excess provisions for taxation are made. Our PAT figure thus reflects the net profit from operations relating to the year in question.

Adjusted profit is PAT after making the above-mentioned adjustments, and is thus effectively the total profit available for appropriations (dividends, ploughbacks etc). The adjusted profit figure, however, excludes profit balances brought forward from previous years. The availability of separate PAT and adjusted profit figures enables one to calculate net margins and payout ratios appropriately.



Vital Statistics is *BusinessWorld's* revamped corporate database that aims to be more investor-friendly

Earnings per share (EPS) represent PAT divided by the total number of a company's equity shares. The PAT figures are adjusted for preference dividend provisions (if any) or arrears payable on cumulative preference shares which have not been provided for. Whenever the accounting period is more or less than 12 months, the EPS figures are being annualised. The **price-earnings (P/E)** ratio is obtained by dividing the market price of a company's scrip by the EPS. The P/E ratio is expressed as a multiple of the EPS.

The **return on net worth (RONW)** stands for PAT as a percentage of paid-up equity share capital plus reserves and surplus. In this case, the reserves include revaluation reserves since returns have to be calculated on a meaningful asset base. And revalued assets reflect current replacement values of assets better. While calculating RONW, the PAT is adjusted for preference dividends.

Dividends, where mentioned, include interim dividends and are annualised.

The **payout ratio** expresses total dividend as a percentage of PAT after adjustments for preference dividends.

Cash earnings stand for total cash generated from operations and are equal to gross profit net of taxation. **Cash earnings per share (CEPS)** is calculated by dividing total cash earnings by the total number of equity shares outstanding. The market price of a company's scrip, when divided by the CEPS, gives the **price-cash earnings ratio**. While calculating cash earnings, preference dividend (if any) is adjusted. These ratios are relevant as investors should be interested in the cash generation capabilities of a company from its operations, which have a bearing on its ability to make disbursements towards dividends and creditors in time.

Yield stands for the dividend expressed as a percentage of the market price and takes into account interim dividend, if any.

The **price-book value (P/BV) ratio** is the number of times by which the scrip's market price discounts its intrinsic value. It is sometimes helpful in identifying potentially worthwhile buys. However, this ratio will be of more utility when read along with the RONW figures.

VITAL STATISTICS

Company (The figures following the company name indicate face value and market lot in that order)	Eq Cap RsCr	Free Res RsCr	Revl Res RsCr	Book Value Rs	Gross Sales RsCr	Other Inc RsCr	Gross Profit RsCr	GrPr Mgn (%)	PAT RsCr	Adj PAT RsCr	Cash Earn RsCr	EPS Rs	Ret/Net Worth (%)	Div (%)	Pay Out (%)	Mkt Price 12Apr	P/E Multiple	Last Bonus Ratio	Last Bonus Year	Bonus % in Cap	MarketPrice High 1989 Rs	MarketPrice Low 1989 Rs	MarketPrice High 1990 Rs	MarketPrice Low 1990 Rs	Yield on Mkt Price (%)	Price to BkVal Times
AbacusComp(10/100/d)	1.4	0.2	0.0	11.3	10.2	0.1	0.41	4.0	0.26	0.29	0.37	2.27	12.9	8.0	48	15.00	6.60	0.00	_	0	10	4			6.53	1.33
AbanLoyd(10/100/e)	4.0	0.9	0.0	12.3	13.9	0.0	3.65	26.2	1.12	1.12	3.44	2.82	23.0	10.0	28	38.00	13.47	0.00	_	0	41	14	48	39	2.05	3.10
AbbotLab(10/50/g)	2.3	2.6	0.0	21.5	34.5	0.3	0.69	2.0	0.22	0.97	0.58	1.30	3.4	0.0	NA	40.00	30.68	89:1	80	40	73	38	55	40	NA	1.86
ACC(100/5/a)	56.0	81.3	0.0	245.3	537.2	16.3	26.89	4.9	-5.64	-23.61	18.71	-6.72	-6.2	0.00	NA	415.00	NA	1:5	86	33	374	230	356	229	NA	1.69
AdvaniOer(10/100/b)	7.0	8.9	2.6	22.7	122.0	1.8	4.57	3.7	0.84	0.90	3.37	1.80	3.0	10.0	117	18.00	10.00	1:1	86	46	18	8	19	15	8.33	0.79
AlembicChem(100/5/c)	4.1	9.1	7.2	319.7	84.2	1.7	3.55	4.1	1.70	1.74	3.23	34.39	10.0	18.0	36	300.00	8.72	1:3	66	18	450	260	440	295	5.02	0.94
AlfaLaval(10/50/d)	7.8	19.0	0.0	34.3	68.2	5.5	9.86	13.4	7.77	7.77	7.86	12.42	23.2	20.0	17	115.00	9.26	1:2	89	63	140	72	125	95	1.45	3.35
AmalRasayan(10/50/e)	1.5	2.5	2.3	26.6	22.4	0.4	3.60	15.8	2.35	2.35	3.42	15.88	37.5	25.0	16	59.00	3.72	0.00	_	0	148	19	83	58	4.24	2.22
AmritBan(10/100/e)	2.1	13.9	6.9	77.3	221.7	3.4	6.01	2.7	-0.81	0.93	6.01	-4.11	-3.7	10.0	24	43.75	NA	1:1	89	39	118	80	48	25	2.32	0.57
AntifricBear(10/100/e)	3.2	6.0	0.0	28.6	41.9	1.1	6.05	14.1	2.67	2.68	4.60	8.08	28.3	20.0	25	65.00	8.04	1:2	81	23	60	9	74	60	3.10	2.27
AP Paper(100/5/f)	5.6	6.8	0.0	220.1	69.7	1.1	3.97	5.6	2.21	2.21	3.97	29.44	23.8	0.0	NA	800.00	27.17	1:4	80	20	830	67	1100	720	NA	3.64
AppleInds(10/50/b)	3.8	1.9	0.0	15.1	11.3	0.1	4.38	38.6	2.53	2.41	4.05	10.12	29.8	35.0	54	37.00	3.66	0.00	_	0	35	12			9.44	2.45
ArvindMills(10/50/d)	7.1	34.6	0.0	58.5	190.0	5.8	10.16	5.2	3.95	5.14	9.46	6.92	7.6	24.0	32	50.00	7.22	1:3	86	55	44	25	52	40	4.63	0.86
AseaBrBv(10/50/h)	5.3	16.6	8.9	41.4	139.2	4.9	4.52	3.1	3.10	3.51	4.21	5.38	11.0	25.1	34	81.00	15.05	1:3	78	30	910	600	700	700	2.83	1.96
AsianBearings(10/50/e)	7.4	3.6	0.0	14.8	15.5	0.9	0.61	3.7	-1.54	-0.61	0.14	-2.07	-14.0	0.0	NA	15.25	NA	0.00	_	0					NA	1.03
AsianCab(10/50/e)	5.6	7.3	6.2	23.1	65.4	3.6	5.19	7.5	2.49	3.62	3.95	3.81	11.2	12.0	21	31.00	8.14	1:3	81	25	72	26	38	27	3.87	1.34
AsianPaints(10/50/d)	12.4	41.0	0.0	43.0	272.1	2.1	24.25	8.8	15.12	13.49	18.25	15.13	22.5	33.6	39	225.00	14.87	1:2	87	86	231	161	255	208	1.87	5.24
AssamCo(10/50/f)	7.0	26.0	0.0	47.2	46.1	0.9	12.48	26.6	8.81	8.81	9.98	9.44	35.6	66.7	40	120.00	12.71	1:1	89	50	138	65	149	112	4.17	2.54
Astra-IDL(10/50/f)	2.5	3.0	0.0	21.9	14.0	0.2	1.47	10.4	0.92	0.92	1.23	2.76	22.4	13.3	27	45.00	16.30	0.00	_	0	55	24	48	43	2.22	2.06
AtlasCopco(10/50/d)	7.3	7.8	0.0	20.7	56.7	3.0	2.69	4.5	0.70	0.59	2.39	1.21	3.7	8.0	124	33.00	27.34	1:2	87	82	57	32	49	37	3.05	1.59
AtlasCycle(10/50/f)	1.2	7.6	7.0	76.3	76.8	1.7	2.02	2.6	1.10	1.10	2.02	6.98	9.1	20.0	16	80.00	11.46	1:2	87	80	150	80	87	68	1.85	1.05
AveryIndia(10/50/d)	4.2	11.9	0.0	38.3	44.0	0.9	9.27	20.7	4.02	4.07	4.87	11.96	20.0	28.0	36	120.00	10.03	2:5	84	58	169	93	140	131	2.92	3.13
A.Sarabhai(10/50/e)	18.8	23.1	0.0	22.3	134.8	2.6	4.78	3.5	3.39	2.40	4.61	1.81	8.1	0.0	NA	15.00	8.31	1:5	82	17	26	12	26	11	NA	0.67
BajajAuto(10/50/f)	18.8	346.6	0.0	194.3	599.5	24.7	72.97	11.7	30.50	30.40	68.47	12.16	11.1	46.7	22	420.00	34.54	1:1	87	95	453	290	418	378	0.83	2.16
BajajElec(100/5/f)	1.9	6.6	2.9	443.8	70.0	2.3	2.99	4.1	1.65	1.55	1.90	64.45	19.2	33.3	15	545.00	8.46	1:1	89	50	1450	600	650	550	2.29	1.23
BajajHind(100/5/a)	5.6	23.0	39.9	510.0	75.1	1.5	4.04	5.3	0.60	1.33	3.30	7.14	1.3	18.0	50	490.00	68.60	1:4	86	95	600	380	450	360	2.44	0.96
BajajTempo(10/50/b)	6.6	30.8	0.0	56.7	259.1	4.8	27.73	10.5	3.65	3.73	27.48	8.30	6.5	13.3	35	117.50	14.16	1:1	86	87	152	100	137	120	1.70	2.07
BakeliteHyl(10/50/f)	4.5	10.1	9.4	32.4	55.8	2.2	3.57	6.2	1.66	1.88	3.07	2.77	9.2	18.7	34	31.00	11.20	2:3	80	78	61	24	49	31	4.52	0.96
BallarpurInds(10/100/f)	21.0	66.2	187.5	41.5	364.6	8.1	28.05	7.5	11.65	11.70	25.70	4.11	5.6	24.0	33	135.00	32.88	1:2	89	74	225	64	154	123	1.33	3.25
BarodaRayon(100/5/f)	18.0	32.4	0.0	280.0	132.9	1.0	18.25	13.6	11.30	11.33	16.15	46.74	29.7	20.0	17	825.00	17.65	1:2	82	23	837	285	818	618	1.31	2.95
BASF(10/50/d)	4.3	11.1	2.6	36.2	84.6	5.3	10.32	11.5	3.63	3.47	6.39	10.59	16.0	20.0	26	150.00	14.16	1:2	88	56	155	102	150	123	1.41	4.15
Bata(10/50/e)*	10.5	17.5	0.0	26.7	259.0	0.4	4.81	1.9	1.41	2.46	3.36	1.34	5.0	10.00	43	81.00	60.32	1:1	87	93	159	52	82	64	1.23	3.03
Bayer(100/5/d)	16.2	15.6	0.0	196.0	162.3	2.3	17.71	10.8	9.32	9.25	12.10	71.82	23.5	24.0	53	820.00	11.42	1:1	87	78	910	580	880	800	3.66	4.18
BergerPaints(10/100/f)	3.8	9.9	3.3	36.0	65.9	0.6	1.46	2.2	0.94	0.94	1.32	1.86	7.4	26.7	30	40.00	21.56	1:1	88	52	76	37	53	40	1.84	1.11
Best&Cromp(10/50/e)	7.1	19.1	2.3	37.0	145.4	2.5	2.81	1.9	0.53	0.53	1.98	0.73	1.8	10.0	90	41.25	56.16	3:5	82	27	96	31	59	40	1.61	1.12
BhadrachalamP(10/50/b)	10.6	19.8	0.0	28.8	101.1	0.7	12.08	11.9	6.01	6.94	10.87	8.40	13.0	23.3	54	94.00	11.19	0.00	_	0	121	31	124	80	3.72	3.2[illegible]
BharatForge(10/50/b)	14.2	25.7	0.0	28.1	235.1	12.8	22.07	8.9	12.33	12.84	19.32	12.99	20.6	25.0	21	97.50	7.51	1:1	88	61	202	65	94	85	1.90	3.47
BharatVijay(100/5/d)	2.8	10.9	6.8	493.1	78.4	1.7	6.92	8.6	3.96	3.81	7.25	178.70	15.5	20.0	18	540.00	3.02	1:6	83	54	895	525	573	490	4.61	1.10
BiharAlloy(10/50/d)	8.2	0.9	0.0	11.1	113.1	1.4	6.12	5.3	2.84	2.77	5.96	4.10	23.6	0.0	NA	28.00	6.84	0.00	_	0	51	32	40	24	NA	2.52
BimetalBearings(10/50/f)	1.9	10.9	0.0	67.1	16.9	0.5	4.33	24.8	2.16	2.16	3.08	8.48	22.5	36.7	25	87.50	10.32	1:1	89	52	145	41	95	90	3.17	1.30
BindalAgro(10/50/e)*	14.9	42.5	0.0	38.6	103.7	2.7	8.52	8.0	7.53	7.53	8.52	5.07	13.1	50.00	24	62.50	12.33	0.00	_	0	120	22	80	55	1.98	1.62
BirlaJute(10/100/e)	20.4	168.0	0.0	92.5	401.8	15.9	31.16	7.5	11.04	11.04	29.06	5.42	5.9	18.0	33	67.50	12.45	1:1	86	86	74	40	65	52	2.67	0.73
BlueStar(10/50/f)	3.6	11.9	5.3	43.4	101.0	9.2	4.36	4.0	2.72	2.72	3.65	5.73	17.4	24.0	24	72.50	12.66	3:5	86	83	83	54	85	70	2.49	1.67
BombayDyg(10/50/e)	11.2	70.7	0.0	72.9	356.1	4.8	41.83	11.6	18.03	18.03	38.52	16.04	22.0	30.0	19	193.50	12.06	1:1	79	87	210	104	231	178	1.55	2.66
Boots(10/50/e)	8.1	8.8	0.0	20.8	61.0	1.7	8.49	13.5	4.43	3.86	5.57	5.47	26.3	23.0	48	95.00	17.37	1:1	87	86	148	100	138	100	2.42	4.56
Britannia(10/100/g)	18.6	22.0	0.0	21.8	355.4	8.5	20.54	5.6	10.99	10.99	12.84	7.89	20.3	24.0	36	112.50	14.26	1:2	89	89	140	82	118	52	1.90	5.15
BSES(10/50/e)	5.9	81.3	0.0	149.0	321.8	2.8	13.08	4.0	8.54	8.52	13.08	14.34	9.6	20.0	14	35.00	2.44	1:1	89	69	90	33	100	41	5.71	0.23
BST (10/50/b)	3.7	1.5	9.2	14.1	49.6	10.2	-0.82	-1.4	-1.71	-1.47	-0.82	-7.22	-8.2	0.0	NA	8.75	NA	1:1	74	36	11	6			NA	0.62
CableCorp(10/100/d)	9.0	18.7	0.0	30.7	122.1	4.9	19.17	15.1	10.34	10.17	12.59	14.36	29.9	22.0	24	65.00	4.53	1:2	87	71	92	58	71	60	4.24	2.11
Cadbury(10/50/f)	8.4	12.1	0.0	24.4	67.5	0.8	8.08	11.8	4.45	4.47	5.78	3.97	29.0	33.3	47	148.75	37.44	1:1	87	80	157	98	165	134	1.68	6.11
Camphor&Allied(100/5/d)	2.6	8.2	0.0	415.0	35.9	0.4	6.13	16.9	3.81	3.78	4.73	183.17	28.2	20.0	17	70.00	0.38	1:3	82	53	355	123			35.71	0.17
Carborundum(10/50/e)**	5.9	21.1	5.1	45.7	64.2	1.6	11.52	17.5	5.72	5.72	7.92	9.66	17.8	25.00	26	81.00	8.38	2:5	87	83					3.09	1.[illegible]
Ceat(10/50/e)	14.8	75.4	26.1	61.1	410.2	11.0	42.29	10.0	21.35	21.27	27.79	14.46	18.4	30.0	21	80.00	5.53	1:2	86	37	180	91	160	76	3.75	1.[illegible]
Cemindia Co(10/50/b)	1.3	8.1	0.0	73.1	26.0	0.1	3.07	11.7	1.30	1.32	2.37	15.23	9.3	26.7	39	105.00	6.89	3:5	84	38	130	68	125	93	3.79	1.44
ChowguleSt(10/50/e)	10.0	0.1	0.0	10.1	42.9	0.4	13.67	31.6	4.86	4.86	13.67	4.86	48.3	0.0	NA	27.00	5.56	5:2	77	35	20	3	34	23	NA	2.68
ClassicDia(10/100/d)	3.5	2.5	0.0	17.2	46.7	0.1	3.02	6.5	2.92	2.92	2.93	10.43	38.8	12.0	14	61.00	5.85	0.00	_	0	41	9	84	62	1.87	3.55
CochinRef(100/5/e)	68.5	82.2	0.0	220.0	1164.2	3.3	61.78	5.3	41.50	41.56	54.92	60.61	27.6	18.0	4	610.00	10.06	0.00	_	0	510	265	NA	NA	0.43	[illegible]
ColourChem(100/5/e)	7.9	13.4	0.0	268.8	101.5	4.6	6.46	6.1	3.02	3.66	5.41	38.04	14.2	22.0	48	630.00	16.56	2:5	80	84	700	410	825	575	3.50	2.34
ConFound(10/100/b)	0.5	1.2	0.0	32.5	5.2	0.1	0.97	18.2	0.10	0.81	0.95	2.88	3.9	20.0	20	32.50	11.27	0.00	_	33	9				9.4[illegible]	[illegible]
CromptonGr(100/5/f)	9.6	39.1	28.5	507.0	320.2	3.0	14.82	4.6	7.75	8.91	12.52	60.55	13.4	24.0	19	920.00	15.19	1:1	89	69	1425	600	1000	900	1.96	1.81

NOTE The year 31 March for all above companies unless otherwise indicated. The accounting period in each case is, however, mentioned in the bracket following the company's name: a-8 months; b-18 months; c-10 months; d-15 months; e-12 months; f-9 months; g-16 months; h-11 months; i-14 months; j-17 months; k-13 months; [illegible] months. (ended Dec88; ** ended Aug88; + ended Sep88; ++ ended Jul88).*

[illegible] return on net worth and dividend have been annualised.

INVESTMENT WORLD

VITAL STATISTICS

Company (The figures following the company name indicate face value and market lot in that order)	Eq Cap RsCr	Free Res RsCr	Revl Res RsCr	Book Value Rs	Gross Sales RsCr	Other Inc RsCr	Gross Profit RsCr	GrPr Mgn (%)	PAT RsCr	Adj PAT RsCr	Cash Earn RsCr	EPS Rs	Ret/Net Worth (%)	Div (%)	Pay Out (%)	Mkt Price 12Apr	P/E Multiple	Last Bonus Ratio	Last Bonus Year	Bonus % in Cap	MarketPrice 1989 High Rs	MarketPrice 1989 Low Rs	MarketPrice 1990 High Rs	MarketPrice 1990 Low Rs	Yield on Mkt Price (%)	Price to BkVal Times
Cyanamid(10/50/g)	5.3	9.8	0.0	28.6	64.1	2.0	5.87	8.9	2.96	0.55	4.79	7.52	14.8	15.0	191	90.00	11.97	9:4	79	74	108	55	115	86	2.22	3.15
DCM(10/100/f)	23.0	31.8	0.0	23.8	552.6	13.1	15.14	2.7	4.15	6.54	15.03	1.35	10.1	0.0	NA	56.25	41.60	4:5	71	61	85	31	54	47	NA	2.36
DCW(10/50/b)	5.9	20.4	14.8	44.6	170.3	3.8	7.88	4.5	3.85	3.85	7.38	9.80	6.2	21.3	29	57.50	5.86	1:1	88	67	44	25	56	40	3.25	1.29
DeepakFert(10/50/e)	14.8	11.1	0.0	17.5	45.9	2.3	16.26	33.7	6.96	6.94	14.68	4.54	25.9	18.0	40	27.00	5.95	0.00	_	0	52	23	39	30	6.67	1.54
DeepakNitrite(10/50/j)	2.4	5.7	9.3	33.3	39.6	3.4	5.42	12.6	2.08	2.72	4.35	12.13	8.4	25.0	25	97.00	8.00	2:5	85	81	54	27	105	80	2.88	2.91
DharamsiMor(10/50/d)	6.4	10.5	0.0	26.4	124.1	3.1	5.95	4.7	1.99	2.28	5.55	3.87	9.4	16.0	56	48.00	12.39	2:5	79	88	46	27	51	40	4.15	1.82
Dunlop(10/100/e)	19.0	64.8	94.6	44.1	407.7	10.3	32.06	7.7	9.99	9.99	23.24	5.24	5.6	30.0	57	55.00	10.50	1:3	76	54	100	61	75	54	5.46	1.25
Duphar (10/50/d)	1.8	3.2	0.0	27.2	31.3	1.0	1.84	5.7	0.77	1.25	1.65	5.23	12.3	14.0	20	45.00	8.60	1:3	88	74	85	38	70	45	3.02	1.66
EicherMot(10/100/h)	10.0	0.3	0.0	10.3	92.1	0.6	-2.74	-3.0	-3.42	-3.42	-2.74	-3.14	-36.4	0.0	NA	17.00	NA				17	9	18	30	NA	1.66
EIDParry(10/50/e)	6.3	14.5	13.3	33.1	206.7	27.3	15.40	6.6	9.42	9.42	12.59	15.00	27.6	25.0	17	92.50	6.17				72	34	88	72	2.70	2.79
EleconEngg(10/50/d)	5.7	27.0	0.0	57.7	150.0	1.4	13.11	8.7	3.27	3.25	10.94	7.23	8.0	16.0	35	73.75	10.19	3:5	87	61	85	50	88	74	2.71	1.28
ElgiEquip(10/50/h)	1.0	9.4	0.0	103.8	44.6	0.5	3.33	7.4	2.09	2.09	3.08	19.16	22.0	19.6	9	225.00	11.74	1:1	86	88	340	260	260	200	0.80	2.17
Enfield(10/100/f)	5.0	.0.0	9.0	10.0	53.9	0.2	0.74	1.4	-1.36	-1.36	0.74	-2.25	-14.3	0.0	NA	14.50	NA	1:1	85	31	14	9	21	13	NA	1.45
EnglishElect(10/100/e)	9.0	18.2	0.0	30.2	60.9	1.1	4.88	7.9	2.46	2.46	3.51	2.73	9.1	7.5	28	65.00	23.78	1:1	87	75	72	47	67	56	1.16	2.15
Escorts(10/50/d)	33.9	91.0	23.7	36.9	759.0	24.4	32.81	4.2	18.00	18.31	29.40	6.64	9.7	22.4	48	86.00	12.96	3:5	86	57	84	58	88	78	3.02	2.33
Eskayef(10/50/g)	7.5	21.0	0.0	38.0	68.5	1.4	13.00	18.6	8.22	8.60	8.45	14.61	21.6	20.3	24	125.00	8.55	1:2	88	33	151	102	178	123	2.17	3.29
EssarShip(10/100/b)	46.1	47.8	0.0	20.4	142.9	1.5	45.49	31.5	19.39	19.52	43.34	6.28	13.7	20.0	68	34.50	5.49				35	16	37	26	8.31	1.69
EssenComp(10/50/h)	1.3	6.6	0.0	59.9	16.8	1.2	2.40	13.3	1.64	1.64	1.79	11.30	22.4	24.0	9	62.50	5.53	0.00	_	0			83	48	1.68	1.04
EverestBldg(10/50/d)	2.5	12.7	0.0	61.4	92.6	2.3	7.22	7.6	4.83	4.04	5.89	24.44	25.5	32.0	25	155.00	6.34	1:3	66	41	150	102	185	133	2.59	2.53
ExcelInd(10/50/b)	4.6	11.5	0.0	34.9	103.2	8.2	12.05	10.8	7.17	6.77	9.95	23.28	29.7	66.7	68	183.00	7.86	4:5	84	82	180	116	197	168	5.46	5.24
FerroAlloys(10/50/f)	5.5	29.9	0.0	641.8	158.6	3.7	22.43	13.8	12.50	11.30	19.15	169.84	47.0	26.7	10	102.50	0.60	1:2	80	43	1675	580	126	105	19.44	0.16
FinolexCables(10/50/g)	3.2	30.8	0.0	105.1	126.1	6.1	29.12	22.0	19.02	19.02	22.43	78.27	41.9	45.0	10	210.00	2.68	4:5	88	44	430	220	283	203	2.85	2.00
FinolexPipes(10/100/l)	9.0	9.9	0.0	21.1	38.3	1.6	2.32	5.8	1.82	1.89	2.32	1.18	16.5	25.7	11	36.25	30.66				51	44	65	36	0.65	1.72
GE Shipping(10/100/f)	64.9	57.9	0.0	18.9	111.9	2.4	45.06	39.4	22.74	23.46	40.68	2.63	24.7	16.0	28	49.00	18.63	2:3	81	36	53	33	55	44	2.10	2.59
GeneralElect(10/50/e)	7.2	27.9	0.0	48.7	149.3	2.4	7.23	4.8	3.06	10.03	4.32	4.25	8.7	15.0	11	19.00	4.47	1:1	89	53	85	46	77	24	7.89	0.39
GermanRem(100/50/d)	3.3	5.4	0.0	26.7	56.4	0.9	2.11	3.7	0.77	1.01	1.91	2.95	7.1	12.0	49	71.00	24.05	3:5	82	80	102	60	100	77	2.12	2.66
Glaxo(10/50/f)	20.0	46.1	0.0	33.0	223.5	7.6	15.25	6.6	7.60	13.64	12.83	2.85	15.3	26.7	29	97.50	34.21	1:3	80	54	107	70	128	92	2.05	2.95
GNFC(10/50/f)	89.0	101.2	0.0	21.4	238.8	3.2	20.07	8.3	22.76	22.76	34.80	1.92"	16.0	13.3	39	38.00	19.81				57	28	45	36	2.63	1.78
GodfreyPhil(10/100/d)	2.6	3.8	0.0	24.6	452.0	1.8	4.93	1.1	1.47	1.47	3.19	6.97	18.2	28.0	63	61.25	8.79	1:1	75	34	62	25	60	45	5.71	2.49
GokakPatel(10/50/f)	6.5	19.1	0.0	39.3	60.9	5.9	6.30	9.4	3.91	3.91	6.05	4.50	20.3	26.7	33	108.00	24.01	1:1	87	79	120	67	105	75	1.85	2.75
GoodlassNero(10/50/f)	3.2	6.2	8.0	29.0	84.8	0.9	1.49	1.7	0.95	0.95	1.28	2.20	7.3	16.7	43	71.25	32.40	5:7	78	57	90	42	83	60	1.78	2.46
GordonWood(10/50/e)	2.5	3.7	3.4	24.7	16.8	0.2	-1.73	-10.2	-1.87	-1.87	-1.73	-7.51	-19.6	0.0	NA	7.50	NA	0.00	_	0	14	3	8	8	NA	0.30
Graphite(10/50/d)	4.2	9.6	0.0	32.8	58.6	2.3	4.16	6.8	2.13	2.13	3.72	6.24	12.2	16.0	40	47.50	7.62	1:2	80	56	38	18	20	15	4.20	1.45
Grasim(10/50/e)	48.5	217.7	0.0	54.9	803.0	-32.2	92.27	11.0	39.64	48.33	73.12	8.13	14.8	27.5	22	117.00	14.38	3:4	88	61	137	75	129	106	1.83	2.13
GreavesCot(100/5/f)	9.9	23.2	0.0	334.9	142.8	3.0	8.08	5.5	5.02	5.01	6.44	37.88	20.1	24.0	24	650.00	17.16	1:2	88	86	720	375	710	650	1.84	1.94
GSFC(10/50/d)	44.9	208.5	0.0	56.4	676.3	14.7	70.61	10.2	35.55	48.66	61.51	9.88	11.2	30.0	21	170.00	17.20	3:10	87	64	190	123	185	116	1.32	3.01
GTC Ind(10/50/f)	5.0	58.9	0.0	127.9	157.4	13.6	4.43	2.6	1.92	1.92	2.28	2.88	4.0	32.0	63	31.00	10.76	1:4	72	66	28	13	31	21	7.74	0.24
GujAlkalies(10/50/e)	17.9	31.0	0.0	27.3	101.0	1.3	15.69	15.3	8.01	5.73	16.89	4.47	16.4	26.0	81	81.00	18.11	1:5	87	18	78	62	89	75	3.21	2.97
GujAmbuja(10/100/e)	20.0	5.6	0.0	12.8	94.2	1.4	11.58	12.1	3.86	3.97	11.59	1.93	15.1	12.0	60	25.75	13.34				28	14	26	21	4.66	2.01
GujSteel(10/50/e)	4.6	9.8	7.3	313.0	116.2	1.8	3.39	2.9	1.80	1.59	4.15	39.13	8.3	15.0	43	27.00	0.69	1:1	82	57	380	210	36	28	55.56	0.09
HCL(10/100/e)	14.9	24.7	0.0	26.6	172.5	2.0	11.39	6.5	9.60	9.60	10.93	6.46	24.3	10.0	15	32.00	4.95				43	27	37	24	3.11	1.20
HDFC(100/10/f)	20.0	44.6	0.0	322.9	107.5	0.2	18.69	17.3	16.47	14.50	17.96	61.76	34.0	18.7	19	345.00	5.59				345	175	400	290	4.06	1.07
Herdillia(10/50/f)	7.4	24.4	15.0	43.2	65.1	1.5	9.83	14.8	6.24	5.66	7.72	6.37	17.8	28.0	27	91.00	14.29	1:2	78	33	112	66	100	85	2.30	2.10
HeroHonda(10/50/f)	16.0	3.8	0.0	12.3	101.7	2.8	-1.38	-1.3	-4.97	-4.70	-1.38	-3.11	-25.2	0.0	NA	17.00	NA				39	16	21	15	NA	1.38
HicoProd(10/50/d)	3.3	4.8	0.0	24.4	60.3	0.2	2.03	3.4	0.09	0.18	2.00	0.34	0.9	0.0	NA	35.00	102.7	0.00	_	0	64	14	42	33	NA	1.43
HindCiba(100/5/d)	17.7	40.1	0.0	326.3	255.5	3.7	31.40	12.1	14.91	13.59	22.17	105.24	20.6	24.0	39	1210.00	11.50	1:2	80	74	1465	600	1660	1050	2.48	3.71
HindMotors(10/100/e)	26.4	46.0	32.3	27.4	525.9	13.2	5.34	1.0	-5.81	-4.77	5.34	-2.20	-5.6	7.5	-41	25.00	NA	1:1	86	58	51	20	31	22	2.99	0.91
HMM(10/50/h)	14.2	20.8	0.0	24.6	100.9	3.9	20.21	19.3	12.84	14.43	13.61	8.30	40.1	53.5	48	285.00	34.34	1:1	87	96	270	155	320	230	1.72	11.57
Hoechst(100/5/d)	9.6	32.8	17.5	442.1	239.4	29.6	8.55	3.2	4.51	4.51	7.70	58.85	6.0	16.0	43	1660.00	28.21	1:2	82	72	2040	490	2300	1460	1.21	3.76
HyderabadInd(10/50/d)	5.5	33.6	8.9	70.8	143.9	5.9	11.74	7.8	6.23	6.23	8.55	14.08	10.4	20.0	23	90.50	6.43	1:1	88	82	153	77	NA	NA	2.84	1.28
ICI(10/50/b)	40.9	84.2	39.4	30.6	693.6	170.2	42.45	4.9	20.90	21.80	41.17	7.67	8.5	15.0	42	39.00	5.08	1:3	78	21	69	37	50	36	5.77	1.27
IndiaCement(10/50/e)	4.9	19.0	24.8	48.8	132.2	4.8	3.00	2.2	-1.16	-0.87	3.00	-2.37	-2.4	8.0	-45	22.00	NA	2:5	70	29	32	13	20	15	3.62	0.45
IndiaFoils(10/50/d)	4.4	15.1	3.8	44.5	105.2	9.3	6.23	5.4	2.70	2.70	4.33	7.71	9.3	24.0	49	75.00	9.73	1:4	82	11	103	61	95	73	3.99	1.69
IndianAlum(10/100/d)	41.5	66.8	0.0	26.1	446.5	8.5	46.87	10.3	27.73	28.22	38.62	8.35	20.5	20.0	37	150.00	17.96	2:5	77	38	193	49	176	110	1.67	5.75
IndianDystuff(100/5/e)	11.3	13.4	18.5	218.6	190.5	13.2	5.46	2.7	0.82	1.59	5.46	7.24	1.9	10.0	59	340.00	46.94	1:4	80	40	260	165	380	250	2.44	1.56
IndianHotels(10/50/e)	14.8	49.7	0.0	43.6	115.9	1.9	17.11	14.5	9.37	9.37	15.61	6.34	14.5	30.0	32	90.00	14.21	1:2	89	50	150	80	93	83	2.22	2.07
IndianOrganic(10/50/e)	18.4	20.6	0.0	21.2	215.7	5.9	17.48	7.9	5.44	5.44	16.76	2.96	13.9	10.0	34	47.00	15.90	1:2	85	46	54	23	59	47	2.13	2.22
IndianRayon(10/50/e)	25.4	122.3	68.5	58.1	309.7	9.6	31.00	9.7	9.82	10.88	31.01	3.81	4.5	28.0	66	100.50	26.36	1:4	80	3	106	75	108	84	2.78	1.73
IndiaSteamship(10/50/e)	9.9	-53.5	0.0	-44.1	83.7	8.7	22.70	24.6	11.61	11.61	22.69	11.72	-26.6	0.0	NA	14.00	1.19	1:1	75	27	17	10	19	13	NA	NA
Indrol(10/50/e)	6.2	24.3	1.9	49.5	154.9	2.3	11.76	7.5	7.27	9.84	8.66	11.80	22.4	36.0	19	195.00	16.52	1:1	86	41	335	175	246	210	1.58	3.94

NOTE: The year 31 March for all above companies unless otherwise indicated. The accounting period in each case is, however, mentioned in the bracket following the company's name: a-8 months; b-18 months; c-10 months; d-15 months; e-12 months; f-9 months; g-16 months; h-11 months; i-14 months; j-17 months; k-13 months; l-7 months. (ended Dec88, ** ended Aug88, + ended Sep88, ++ ended Jul88).*

Where the accounting period is other than 12 months, the figures for EPS, return on net worth and dividend have been annualised.

INVESTMENT WORLD

VITAL STATISTICS

Company (The figures following the company name indicate face value and market lot in that order)	Eq Cap RsCr	Free Res RsCr	Revl Res RsCr	Book Value Rs	Gross Sales RsCr	Other Inc RsCr	Gross Profit RsCr	GrPr Mgn (%)	PAT RsCr	Adj PAT RsCr	Cash Earn RsCr	EPS Rs	Ret/Net Worth (%)	Div (%)	Pay Out (%)	Mkt Price 12Apr	P/E Multiple	Last Bonus Ratio	Last Bonus Year	Bonus % in Cap	MarketPrice High 1989 Rs	MarketPrice Low 1989 Rs	MarketPrice High 1990 Rs	MarketPrice Low 1990 Rs	Yield on Mkt Price (%)	Price to BkVal Times
IngersollRand(10/50/d)	15.8	23.1	0.0	24.6	102.3	7.2	21.73	19.8	13.21	13.21	14.51	10.46	27.2	36.0	27	220.00	21.02	1:1	89	97	425	180	245	190	1.02	8.93
IOL(10/50/b)	14.6	19.2	13.5	23.2	221.8	0.7	12.94	5.8	4.17	5.70	12.16	4.28	5.9	6.7	26	35.00	8.17	1:3	85	81	50	41	40	33	2.86	1.51
ITC(10/100/f)	66.3	41.9	84.5	16.3	1058.7	9.0	53.00	5.0	29.20	29.20	34.99	3.30	20.2	53.3	45	61.00	18.48	1:1	89	63	130	40	63	50	3.28	3.74
JagatjitInd(10/100/e)	6.1	19.1	3.9	41.5	121.8	1.8	12.99	10.5	8.45	8.45	10.40	13.93	29.1	35.0	25	120.00	8.62	1:1	88	92	120	60	120	74	2.93	2.89
JaiprakashInd(10/100/d)	66.1	41.9	9.5	16.3	217.4	20.4	35.49	14.9	11.90	12.36	33.26	2.25	8.1	14.4	96	14.50	6.45				17	10	19	13	12.36	0.89
JayshreeTea(10/50/e)	6.2	15.1	23.6	34.6	97.4	14.1	7.96	7.1	1.03	2.68	6.99	1.67	2.3	15.0	34	130.00	77.62	1:2	85	92	113	47	141	113	1.15	3.76
Jenson&Nichol(10/50/f)	1.5	4.5	2.2	39.9	53.8	0.4	1.80	3.3	1.16	1.17	1.59	5.75	18.8	20.0	20	76.50	13.30	8:7	82	35	65	32	86	67	2.00	1.92
JindalStrips(10/100/f)	3.3	19.8	0.0	69.9	136.9	3.5	9.06	6.5	5.77	6.57	7.99	13.11	33.3	33.3	13	110.00	8.39	1:1	89	58	285	112	145	103	2.29	1.57
JK Syn(10/100/e)	38.4	130.0	107.0	43.8	764.5	9.7	64.80	8.4	18.35	18.86	62.60	4.69	6.5	22.0	39	54.50	11.63	1:3	83	53	92	55	67	63	3.42	1.24
JyotiInd(10/50/b)	2.7	10.2	8.6	48.1	59.1	0.6	-10.42	-17.5	-11.64	-11.62	-10.42	-65.15	-36.2	0.0	NA	15.00	NA	1:2	77	24	11	6	23	8	NA	0.31
KanonaChem(10/100/f)	4.0	25.7	0.0	73.6	51.1	1.7	4.69	8.9	0.68	0.68	4.58	1.26	3.0	20.0	59	18.00	14.26	1:2	89	66	51	29	33	33	5.50	0.24
KEC Intl(10/50/b)	7.3	29.0	4.7	49.5	139.4	11.2	6.31	4.2	2.79	3.59	4.71	5.70	4.5	16.7	35	42.50	7.45	1:1	83	35	72	26	65	40	4.04	0.86
KesoramInd(10/100/e)	8.9	48.1	49.5	64.3	182.4	6.4	5.87	3.1	-6.19	-0.36	5.87	-7.14	-5.9	10.0	NA	45.00	NA	1:2	79	67	66	39	54	47	2.21	0.70
KineticEngg(10/50/f)	2.4	19.5	0.0	91.1	88.0	1.5	9.30	10.4	3.27	2.88	9.30	10.22	19.9	40.0	13	137.50	13.46	1:1	89	78	395	120	148	140	1.09	1.51
KineticHonda(10/100/i)	10.0	2.8	0.0	12.8	69.9	1.2	3.17	4.5	1.57	1.36	3.18	1.83	10.5	0.0	NA	42.00	22.93				36	23	38	32	NA	3.27
KirloskarCum(10/50/e)+	26.4	27.1	0.0	20.3	181.9	4.4	23.68	12.7	11.40	10.18	18.68	4.29	21.2	22.50	59	77.50	18.07	1:1	86	94	100	43	90	65	2.90	3.82
KirloskarOil(10/50/f)	5.8	15.0	0.0	36.0	102.6	3.5	5.28	5.0	2.28	2.34	4.76	2.87	14.2	13.3	26	35.00	12.20	3:7	76	77	67	29	36	27	2.88	0.97
KirloskarPneu(10/50/b)	3.9	9.0	0.0	33.5	103.1	5.6	10.92	10.0	6.65	6.55	9.36	25.91	34.4	15.0	13	50.00	1.93				73	45	73	53	4.52	1.49
KothariInd(10/50/e)	7.6	5.8	41.5	17.7	74.4	2.6	5.38	7.0	3.55	3.55	5.09	4.70	6.5	12.5	26	37.50	7.98				34	6	49	33	3.32	2.12
KSB Pumps(10/50/d)	8.7	14.7	0.0	26.9	55.4	1.4	15.10	26.6	8.31	8.38	9.81	11.94	28.4	24.0	16	227.50	19.05	1:1	89	90	445	180	210	185	0.66	8.45
LakhanpalNat(10/50/e)	4.7	6.1	0.0	23.1	61.2	0.6	2.79	4.5	1.16	1.15	1.85	2.47	10.7	16.0	31	29.00	11.73	1:1	87	50	40	16	34	23	2.65	1.26
LakshmiMach(100/5/d)	6.1	18.9	0.0	409.7	614.0	10.0	16.42	2.6	6.97	6.80	15.77	143.06	22.3	16.0	18	910.00	6.36	1:2	89	58	700	365	960	690	2.20	2.22
L&T(10/50/b)	68.1	209.9	84.3	40.8	1197.1	16.0	109.4	9.0	36.52	42.49	96.56	8.05	6.7	20.0	41	85.00	10.57	3:5	86	56	128	69	85	60	3.00	2.08
MadrasCements(100/5/d)	3.0	12.0	0.0	498.0	99.7	1.4	4.85	4.8	-7.07	-6.71	4.81	297.19	-38.2	0.0	NA	550.00	NA				810	380	600	421	NA	1.10
MaduraCoats(10/50/f)	21.8	46.8	56.9	31.4	210.0	1.7	20.74	9.8	11.43	11.49	18.79	3.93	12.1	33.3	48	112.50	28.65	1:2	86	47	109	90	111	101	2.23	3.58
MafatlalDyes(10/50/d)	3.2	7.9	0.0	35.0	52.6	1.9	2.78	5.1	1.49	1.49	1.63	5.91	10.8	13.6	19	37.00	6.26	1:4	89	67	70	27	48	35	2.49	1.06
MafatlalFine(100/5/e)	14.5	23.8	0.0	264.3	177.4	14.9	7.98	4.2	1.33	3.04	7.72	9.19	3.5	10.0	48	240.00	26.11	1:3	80	39	375	180	270	205	4.18	0.91
MafatlalInd(100/5/e)	13.5	43.5	0.0	423.6	125.3	10.5	8.41	6.2	0.65	0.67	7.51	4.83	1.1	20.0	322	450.00	93.12	1:5	78	32	390	255	465	360	3.57	1.06
MahScooters(10/50/e)	2.9	27.4	0.0	105.9	85.9	10.0	11.19	11.7	7.41	7.39	7.99	25.91	24.5	35.0	14	355.00	13.70	1:1	86	65	306	215	415	185	0.98	3.35
Mah&Mah(10/50/j)	19.3	76.2	29.8	49.5	955.9	36.9	45.58	4.6	18.54	20.09	42.48	13.64	10.5	24.7	34	77.50	5.68	2:3	84	72	113	76	103	68	4.61	1.56
MangChem(10/50/d)	12.4	12.4	0.0	20.0	144.8	36.3	10.09	5.6	8.85	12.74	18.84	8.91	28.6	8.0	10	16.00	1.80				54	17	24	17	6.24	0.80
May&Baker(10/50/d)	4.5	7.6	0.0	26.9	70.4	2.0	5.88	8.1	3.96	0.93	5.30	11.00	26.2	12.0	73	75.00	6.82				85	50	98	73	2.01	2.79
McDowells(10/100/f)	7.7	47.8	21.0	72.2	135.2	8.6	11.21	7.8	8.65	8.65	11.20	8.44	15.1	26.7	18	85.00	10.07	1:1	86	81	112	68	87	74	2.36	1.18
Mico(100/5/e)*	38.1	56.4	0.0	248.3	228.3	5.2	44.81	19.2	15.07	15.44	30.71	39.61	15.9	14.00	35	837.50	21.15	1:1	86	91	700	318			1.67	3.37
ModiInd(10/100/b)	3.3	0.0	0.0	10.0	230.7	6.4	-10.96	-4.6	-16.34	-8.39	-10.97	-74.23	-329.9	0.0	NA	19.00	NA	1:5	69	26	35	16	30	16	NA	1.90
ModiRubber(10/50/h)	10.4	52.5	0.0	60.6	408.9	5.0	26.13	6.3	13.51	13.51	22.13	11.93	23.4	27.3	19	60.00	5.03	0.00		0	125	70	75	44	4.17	0.99
ModiSteels(10/100/b)	2.4	1.8	0.0	17.6	21.5	0.6	1.41	6.4	1.02	0.98	1.21	6.48	16.3	16.00	22	37.00	5.71	1:1	87	14	44	23	44	23	2.52	2.10
ModiXerox(10/50/h)	19.5	1.8	0.0	10.9	87.2	0.9	8.70	9.9	4.29	3.57	7.97	2.02	22.1	12.0	56	67.75	33.54				73	52	70	64	1.51	6.22
MRF(10/50/b)	3.9	44.9	0.0	126.2	743.3	1.4	55.61	7.5	25.02	25.02	40.95	97.23	34.2	60.0	14	207.00	2.13	1:2	75	46	470	275	332	210	4.34	1.64
Mukand(10/50/f)	14.7	35.0	45.2	33.7	316.0	1.8	26.27	8.3	17.51	17.41	23.42	8.91	24.6	26.7	17	129.00	14.48	1:2	88	72	145	75	157	127	1.55	3.82
NationalSteels(10/50/e)	4.2	6.5	0.0	25.7	66.0	2.7	4.95	7.2	1.67	1.67	4.95	3.94	15.4	15.0	38	11.00	2.79				17	6	15	10	13.77	0.43
NatRayon(100/5/f)	6.0	-12.1	64.3	-101.3	123.0	1.0	3.31	2.7	1.73	1.31	3.31	20.34	3.7	0.0	NA	550.00	27.04	1:4	72	23	500	140	610	280	NA	NA
NipponDenro(10/100/b)	11.6	14.8	0.0	22.7	155.8	3.0	10.73	6.8	5.13	5.13	10.08	6.62	13.0	20.0	57	40.00	6.05				63	31	58	40	6.23	1.76
Nirlon(10/50/b)	15.8	8.5	16.7	15.4	153.9	2.1	-32.90	-21.1	-51.02	-73.38	-32.90	-48.56	-83.1	0.0	NA	15.00	NA	1:2	82	48	17	8	22	14	NA	0.98
Nocil(100/5/d)	36.0	82.0	0.0	327.8	449.6	16.2	75.77	16.3	40.74	40.79	55.77	141.46	27.6	32.0	35	1210.00	8.55	1:2	86	67	1690	710	1660	1180	3.31	3.69
OrientalCarbon(10/50/e)	2.4	8.6	6.4	45.5	50.5	0.2	3.50	6.9	1.40	1.40	3.25	5.79	8.0	22.5	39	37.00	6.40	1:3	89	25	65	34	NA	NA	6.03	0.81
OrientPaper(10/100/e)	11.5	80.9	0.0	80.6	190.3	4.6	8.23	4.2	0.93	3.03	8.03	0.79	1.0	10.0	38	67.50	84.93	1:1	86	94	79	20	79	65	1.49	0.84
OrissaCement(10/100/d)	5.4	26.7	23.7	59.4	141.5	3.8	8.22	5.7	0.25	6.28	8.22	0.58	0.4	16.0	17	33.00	57.02	1:1	87	58	37	32	34	30	6.06	0.56
Otis(10/50/g)	5.0	15.1	0.0	39.9	78.6	1.5	14.60	18.2	7.42	7.42	9.23	19.63	27.7	30.0	27	250.00	12.74	1:1	85	86	215	170	225	190	1.60	6.26
ParkeDavis(10/50/g)	7.5	7.3	0.0	19.7	100.8	1.0	6.16	6.1	3.06	3.37	4.16	5.42	15.5	26.3	78	85.00	15.69	3:5	78	31	115	37	143	85	4.12	4.31
PeicoElec(10/100/d)	33.3	19.9	20.0	16.0	506.3	6.0	-3.15	-0.6	-17.00	-13.49	-15.61	-6.38	-18.6	0.0	NA	27.50	NA	1:5	82	49	30	15	31	17	NA	1.72
PhillipsCarbon(10/50/e)	5.3	6.6	4.2	22.5	65.0	1.7	2.69	4.0	1.21	1.21	1.69	2.30	7.5	18.0	79	45.00	19.56	2:5	84	70	47	27	48	40	4.01	2.00
Polyolefins(100/5/d)	19.3	45.0	0.0	333.3	224.7	12.2	41.60	17.6	27.12	27.12	32.39	175.65	33.7	28.0	25	1100.00	6.26	1:2	88	69	1450	890	1525	1050	3.18	3.3[illegible]
PrakashTubes(10/50/e)	3.5	11.5	0.0	42.7	71.3	0.5	5.27	7.3	2.56	2.56	4.79	7.29	17.1	21.0	29	37.00	5.07	3:4	81	9	59	30	40	28	5.70	[illegible]
PremierAuto(10/50/e)	21.1	62.1	50.7	39.5	452.2	13.0	24.78	5.3	13.65	13.74	21.33	6.48	10.2	27.0	35	57.50	8.87	1:1	86	38	76	39	75	56	3.95	[illegible]
Procter&Gamble(10/50/e)	6.7	11.6	0.0	27.4	65.4	2.1	9.11	13.5	6.15	6.26	7.24	9.21	33.6	30.0	32	200.00	21.72	4:5	88	82	410	170	235	185	[illegible]	[illegible]
PudumjeePulp(10/50/d)	3.1	12.0	0.0	48.9	51.5	1.8	5.77	10.8	2.38	2.38	5.31	9.66	12.7	12.0	19	100.00	10.35	1:5	82	55	100	16	135	95	[illegible]	[illegible]
PunjabConcast(10/50/f)	1.2	10.9	0.0	102.5	58.2	0.2	6.25	10.7	3.69	4.38	4.75	23.45	40.7	33.3	7	197.50	8.42				380	122	265	[illegible]	[illegible]	[illegible]
PunjabTractors(10/50/g)	3.2	20.8	0.0	76.2	117.4	1.6	8.53	7.2	3.90	3.90	5.55	16.51	12.2	30.0	16	165.00	10.00	2:5	81	29	250	115	158	135	[illegible]	[illegible]
Rallis(10/50/h)	9.5	36.2	0.0	48.0	296.7	2.5	11.52	3.9	7.59	8.02	10.28	7.30	18.1	27.3	30	80.00	10.96	3:10	[illegible]	[illegible]	150	90	105	70	[illegible]	[illegible]

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Where the [illegible] period is other than 12 months, the figures for EPS, return on net worth and dividend have been annualised.

VITAL STATISTICS

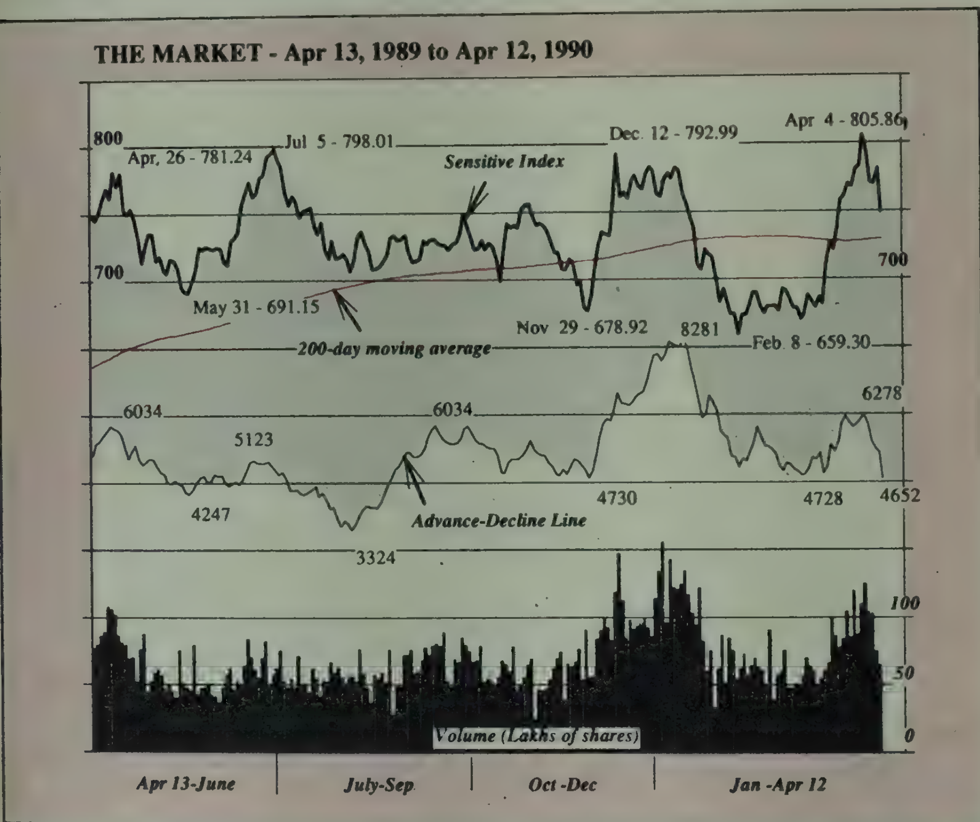
Company (The figures following the company name indicate face value and market lot in that order)	Eq Cap RsCr	Free Res RsCr	Revl Res RsCr	Book Value Rs	Gross Sales RsCr	Other Inc RsCr	Gross Profit RsCr	GrPr Mgn (%)	PAT RsCr	Adj PAT RsCr	Cash Earn RsCr	EPS Rs	Ret/Net Worth (%)	Div (%)	Pay Out (%)	Mkt Price 12Apr	P/E Multiple	Last Bonus		Bonus % in Cap	MarketPrice				Yield on Mkt Price (%)	Price to BkVal Times
																		Ratio	Year		High 1989 Rs	Low 1989 Rs	High 1990 Rs	Low 1990 Rs		
RanbaxyLabs(10/50/d)	9.0	29.1	0.0	42.5	179.7	6.4	10.20	5.5	5.57	2.60	9.63	7.77	11.7	30.0	56	95.00	12.23	1:1	88	NA	132	70	108	86	1.71	2.23
Rasoi(10/50/d)	1.2	5.7	0.0	57.7	74.2	1.2	1.73	2.3	0.77	0.91	1.40	8.02	8.9	16.0	26	57.50	7.17	1:2	85	35	75	45	66	51	3.48	1.00
RathiAlloys(10/50/f)	2.9	12.9	0.0	54.9	84.2	0.3	9.67	11.4	2.02	2.02	7.77	5.26	17.0	40.0	43	140.00	26.61				167	93	138	90	2.16	2.55
Raymonds(10/50/e)	22.5	69.2	0.0	40.8	295.1	4.4	42.35	14.1	21.10	21.47	36.75	9.24	22.7	20.0	21	81.00	8.77	1:1	87	78	86	66	76	70	2.47	1.99
Reckitt&Col(10/50/e)*	8.4	13.5	0.3	26.1	71.4	1.4	12.08	16.6	6.75	6.75	7.40	8.05	30.4	30.00	37	201.25	25.01	1:1	88	70	230	145	225	210	1.49	7.70
ReliancePetro(10/100/e)	86.5	0.5	0.0	10.1	0.0	26.6	6.81	25.6	5.02	5.02	5.87	0.58	5.8	15.00	90	24.00	41.34	0.00	_	0	52	37	32	28	2.19	2.39
Reliance(10/50/f)	152.1	913.4	0.0	70.0	1112.5	7.9	166.2	14.8	79.37	95.40	166.2	3.88	9.9	40.0	48	61.00	15.72	3:5	83	10	158	70	90	52	4.92	0.87
RevathiCP(10/50/e)	1.6	3.3	0.4	30.3	17.4	0.4	1.44	8.1	0.88	0.88	1.01	5.38	16.3	20.00	37	72.50	13.49	1:1	87	50	240	51	80	73	2.76	2.39
SandvikAsia(100/5/e)*	5.8	8.8	0.0	252.1	45.8	0.8	6.72	14.4	2.71	2.93	4.93	46.89	18.6	25.00	49	662.00	14.12	1:1	84	80	1010	580	900	620	3.76	2.63
SearleIndia(10/50/d)	5.2	14.8	0.0	38.4	51.5	1.5	5.14	9.7	2.66	2.81	3.99	6.37	10.6	16.8	30	122.50	19.23	1:2	89	87	217	87	150	110	1.30	3.19
SesaGoa(10/50/e)	5.2	10.2	0.0	29.8	53.9	0.3	3.43	6.3	1.10	1.13	3.22	2.14	7.2	14.0	64	91.00	42.60	2:5	86	42	78	26	98	73	1.54	3.05
SeshaPaper(10/100/e)	6.3	0.0	0.0	10.0	53.3	1.8	0.53	1.0	-2.50	-2.50	0.52	-4.00	-40.0	0.0	NA	12.00	NA	1:2	76	28	19	4	NA	NA	NA	1.20
ShalimarPaint(10/100/d)	1.9	1.6	0.0	18.4	69.8	0.6	-1.96	-2.8	-2.09	-2.09	-1.96	-13.82	-48.0	0.0	NA	42.50	NA	3:10	82	67	49	20	43	38	NA	2.31
ShawWallace(10/100/f)	12.0	28.1	0.0	33.4	216.3	20.7	15.67	6.6	8.85	8.85	10.02	5.53	29.4	40.0	41	80.00	14.46	1:1	87	94	103	74	92	68	3.75	2.39
ShreeSyn(10/50/f)	5.6	15.1	0.0	36.9	94.4	0.4	9.33	9.8	4.29	4.29	8.98	5.73	27.6	33.3	33	53.00	9.26	2:5	84	29	72	31	58	42	4.73	1.44
SI Shipping(100/5/e)+	6.0	12.3	0.0	304.2	49.6	3.4	-0.06	-0.1	-1.32	-1.33	-0.06	-22.00	-7.2	0.00	NA	1440.00	NA	1:2	82	83	360	60	1625	1200	NA	4.73
SI Viscose(100/5/e)	11.0	21.2	0.0	292.1	103.0	1.9	21.63	20.6	12.89	17.09	15.43	116.86	40.0	35.0	23	1310.00	11.21	1:2	87	56	1170	650	1270	1110	2.67	4.48
Sip'aCoated(10/100/j)	17.6	6.3	0.0	13.6	129.4	2.9	4.76	3.6	1.25	1.71	4.03	1.01	3.7	12.0	89	14.00	13.91				28	15	30	14	6.17	1.03
SiyaramSilk(10/100/d)	3.7	7.9	0.0	31.7	86.4	1.7	5.14	5.8	1.14	1.14	4.92	3.89	7.9	14.4	58	26.25	6.74	1:2	88	42	40	23	32	24	6.87	0.83
SKF Bearings(100/5/d)	24.7	36.4	0.0	247.4	131.1	4.6	34.93	25.8	21.12	21.01	27.43	106.88	27.7	24.0	18	1300.00	12.16	1:1	89	80	3020	1140	1570	1230	1.16	5.26
SpecialSteels(10/50/d)	11.4	20.0	0.9	27.5	205.9	0.8	24.22	11.7	14.96	12.60	19.57	16.39	37.0	20.0	15	117.50	7.17	1:2	89	45	168	103	120	90	1.42	4.27
Spic(10/50/d)	34.0	74.2	173.4	31.8	557.8	24.1	44.02	7.6	13.86	13.86	40.77	5.10	3.9	16.0	49	54.75	10.74	1:1	86	50	65	38	62	51	3.65	1.72
StandardInd(10/50/e)	11.1	37.9	35.0	44.3	176.4	16.4	12.08	6.3	3.97	3.97	11.93	3.59	4.7	20.0	56	74.00	20.62	2:5	82	72	580	210	69	61	2.70	1.67
StrawProducts(10/100/d)	10.1	38.5	0.0	48.0	152.4	4.0	11.72	7.5	4.70	4.70	11.41	-6.50	-8.7	24.0	-58	78.00	NA	1:2	72	17	105	45	102	76	3.84	1.63
SundramFast(10/50/e)	5.1	12.1	0.0	33.6	70.9	1.3	6.76	9.4	3.50	3.60	6.01	6.86	20.4	25.0	36	73.00	10.64	3:5	88	56	86	50	86	72	3.44	2.17
SupremeInd(10/50/e)	2.3	13.5	18.6	69.1	85.3	0.6	5.92	6.9	3.27	3.27	5.86	14.34	9.5	45.0	26	250.00	17.43	1:1	87	70	270	187	310	225	1.51	3.62
SurajDiamonds(10/100/h)	7.7	21.3	0.0	37.8	72.6	0.0	6.66	9.2	6.29	6.29	6.51	7.53	23.7	21.8	14	51.50	6.84				110	60	65	51	2.21	1.36
SwadeshiPoly(10/50/b)	3.9	13.9	19.8	45.7	98.6	2.8	7.84	7.7	3.50	4.77	4.34	13.46	6.2	23.3	29	40.00	2.97				57	28	53	38	8.78	0.88
SylvaniaLaxman(10/50/b)	3.0	0.4	7.3	11.3	54.2	1.0	0.57	1.0	-0.52	0.36	0.57	-2.67	-3.3	0.0	NA	22.00	NA	1:2	86	33	26	12	30	20	NA	1.94
Syn&Chem(10/50/e)	5.8	9.4	27.1	26.1	119.7	1.1	8.48	7.0	6.30	6.34	7.38	10.84	14.9	25.0	23	70.00	6.46				81	47	84	64	3.57	2.68
TataChem(10/50/e)	49.2	215.8	0.0	53.9	256.8	34.9	67.80	23.2	35.79	35.79	53.30	7.28	13.5	19.0	24	120.00	16.49	2:5	85	29	130	98	137	119	1.45	2.23
TataPower(100/5/e)	20.5	80.0	0.0	490.7	367.1	12.4	29.16	7.7	22.63	22.45	29.34	110.11	22.4	18.0	16	435.00	3.95	1:5	75	6	457	300	620	410	4.13	0.89
TataPress(10/50/e)	1.6	6.4	0.0	50.4	14.9	0.8	1.79	11.4	0.83	0.83	1.68	5.29	10.5	22.00	42	60.00	11.35	7:11	83	30	88	33	73	57	3.72	1.19
TataRobins(10/50/e)	3.1	4.9	0.0	25.6	54.5	1.2	2.76	5.0	0.92	0.92	1.93	2.95	11.5	18.0	41	37.00	12.55	1:4	77	5	63	42	47	36	3.29	1.44
TataTea(10/50/d)	17.1	78.8	0.0	56.1	218.9	12.6	28.61	12.4	16.86	36.68	21.91	12.33	14.1	40.0	21	185.00	15.00	2:5	88	40	208	120	203	176	2.47	3.30
TataTelecom(10/100/f)	4.5	1.1	0.0	12.4	12.5	0.2	0.60	4.7	0.17	0.17	0.60	0.28	4.1	0.00	NA	51.25	180.9	0.00	_	0	22	15	56	51	NA	4.13
TataUnisys(10/50/d)	4.4	5.1	0.0	21.6	43.1	0.3	5.29	12.2	2.42	2.52	4.33	6.91	20.4	22.00	48	82.50	11.95	2:5	87	29	250	60	83	63	3.32	3.82
TCI(10/50/f)	5.1	14.1	15.8	37.8	88.0	0.7	3.36	3.8	1.11	1.11	3.36	1.64	4.2	14.7	50	47.00	28.68	1:2	86	81	34	14	68	38	2.35	1.24
Telco(100/5/e)	103.7	307.4	0.0	396.5	1638.5	37.9	128.3	7.7	70.03	71.44	113.18	67.36	17.0	25.0	34	130.00	1.93	2:5	82	24	1195	657	127	110	17.99	0.33
Tinplate(10/50/e)	10.1	11.1	0.0	21.0	138.2	1.1	7.27	5.2	4.37	4.37	6.53	4.32	20.6	15.0	35	31.25	7.24	4:5	76	19	42	20	35	27	4.81	1.49
Tisco(10/50/e)	156.1	645.5	0.0	51.4	1772.5	89.3	274.0	14.7	154.3	134.8	248.0	9.89	19.3	30.0	34	122.00	12.34	2:5	87	44	158	102	120	103	2.42	2.38
Tomco(25/5/e)	8.1	20.6	0.0	88.5	282.1	6.5	4.98	1.7	2.16	2.16	4.36	6.26	7.1	15.0	60	130.00	20.77	1:5	81	36	95	52	140	90	2.89	1.47
TribeniTiss(10/50/d)	8.0	8.0	0.0	20.1	57.1	0.1	5.00	8.8	2.07	2.60	3.63	3.25	10.4	18.0	69	90.50	27.81	1:4	84	31	95	34	81	75	2.49	4.51
TVS Suzuki(10/100/k)	23.1	-5.4	0.0	7.7	174.4	2.2	7.60	4.3	3.09	3.09	7.60	1.45	16.1	0.0	NA	11.50	7.94				26	11	17	11	NA	1.50
TwCenturyFin(10/50/e)	8.9	11.3	0.0	22.7	25.2	1.2	16.56	62.8	3.56	3.51	15.89	4.01	17.7	22.0	56	28.00	6.98	2:5	85	34	35	15			7.84	1.23
UnichemLab(10/50/b)	1.4	4.8	3.6	45.7	65.9	1.2	0.99	1.5	0.16	0.22	0.96	1.78	1.1	10.0	91	40.00	22.50	1:2	86	67	62	40	35	30	3.70	0.88
UnionCarbide(10/50/d)	32.6	45.0	0.0	23.8	254.3	3.5	12.33	4.8	5.52	9.92	9.33	2.12	5.7	0.0	NA	23.50	11.10	1:2	80	74	29	18	30	22	NA	0.99
Unitech(10/100/d)	7.2	12.8	0.0	27.8	58.1	0.9	6.89	11.7	4.68	4.78	5.59	8.11	18.7	20.0	31	30.50	3.76				30	18	43	26	6.82	1.10
UnivCables(10/50/e)	5.3	42.1	0.0	88.8	116.6	2.1	15.08	12.7	1.02	1.46	3.08	1.91	2.2	27.0	75	105.00	54.97	1:2	79	22	180	110	122	101	1.94	1.18
VideoconIntl(10/100/b)	2.5	5.7	0.0	32.7	103.3	2.6	11.91	11.2	6.32	6.32	11.56	37.92	51.5	26.7	16	180.00	4.75				205	55	NA	NA	2.22	5.50
VikrantTyres(10/50/e)	10.4	4.3	0.0	14.1	200.7	0.9	17.25	8.6	2.75	2.75	16.70	2.54	18.0	15.0	59	21.00	8.27	0.00	_	0	50	20	19	16	7.14	1.49
VindhyaTele(10/100/e)	3.9	9.3	0.0	33.7	53.4	1.4	10.11	18.4	6.67	6.73	8.21	17.10	50.7	22.5	13	88.75	5.19				145	85	93	81	2.54	2.63
VIP Inds(10/100/e)++	6.0	5.4	0.0	18.9	67.4	1.5	3.01	4.4	0.73	0.81	2.87	1.22	6.4	12.00	89	17.00	13.97	1:1	84	59	30	15	20	17	7.06	0.90
Voltas(10/50/f)	19.9	28.2	0.0	242.3	264.1	1.2	11.53	4.3	8.63	9.03	11.53	25.36	30.8	24.0	20	70.00	2.76	1:2	89	49	1000	470	79	63	12.95	0.29
VST Ind(10/50/b)	9.7	10.2	16.5	20.5	434.2	3.2	8.31	1.9	4.82	4.82	6.76	7.49	8.8	33.3	63	52.00	6.94	3:5	89	85	57	22	45	33	6.02	2.53
WestCoastPaper(100/5/f)	4.1	4.5	0.0	210.2	65.9	0.8	1.35	2.0	0.37	0.32	1.35	6.77	5.7	0.0	NA	370.00	54.67	1:5	74	37	220	81	440	300	NA	1.76
WI Enterprises(10/50/b)	4.8	9.7	-1.6	30.1	65.9	0.1	4.83	7.3	1.72	1.72	4.46	5.36	7.1	16.0	67	27.50	5.13	3:5	83	19	27	17	33	28	8.77	0.91
Wimco(10/50/d)	13.6	5.5	0.0	14.0	137.2	2.3	-7.87	-5.6	-13.17	-10.68	-10.43	-12.12	-55.3	0.0	NA	16.50	NA	1:5	70	31	27	17	75	17	NA	1.18
Wipro(10/50/f)	3.7	16.7	0.0	55.4	115.0	5.5	5.40	4.5	2.68	2.68	4.90	5.46	17.5	33.3	17	220.00	40.28	1:1	89	95	450	190	275	190	0.57	3.97
ZuanAgro(10/50/d)	12.4	54.5	0.0	53.8	247.2	99.9	27.19	7.8	12.06	15.19	18.04	11.37	13.5	28.0	30	55.00	4.84				77	58	65	56	6.36	1.02

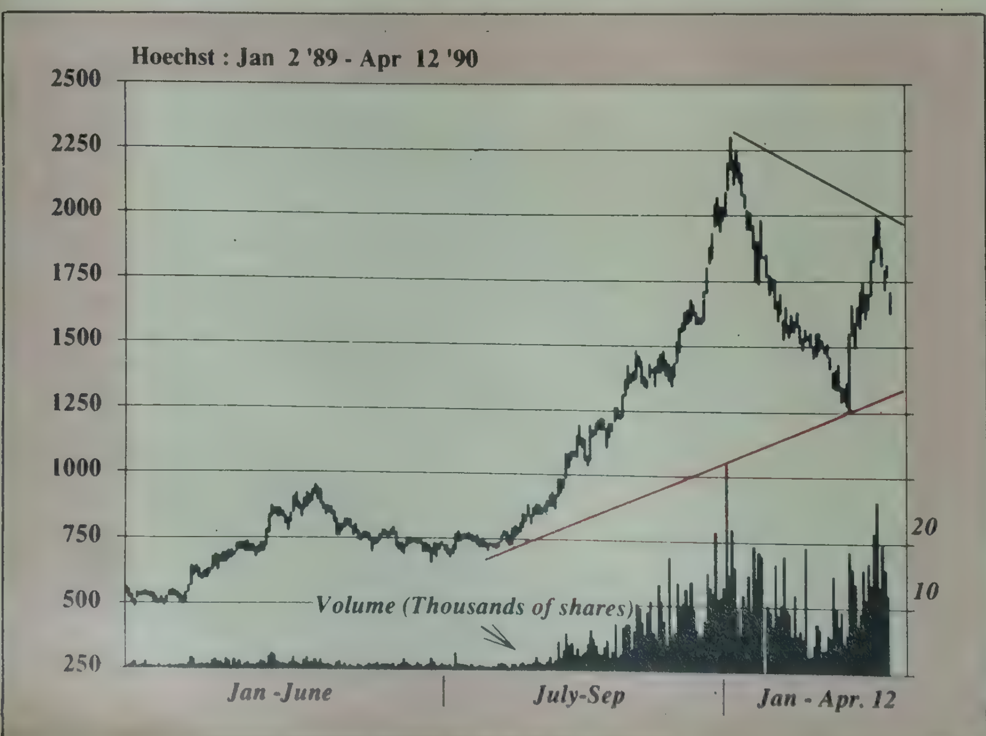
NOTE: The year 31 March for all above companies unless otherwise indicated. The accounting period in each case is, however, mentioned in the bracket following the company's name: a-8 months; b-18 months; c-10 months; d-15 months; e-12 months; f-9 months; g-16 months; h-11 months; i-14 months; j-17 months; k-13 months; l-7 months. (ended Dec88. ** ended Aug88. + ended Sep88. ++ ended Jul88).*

Where the accounting period is other than 12 months, the figures for EPS, return on net worth and ...

WAR OF NERVES

Dalal Street experienced a second successive fortnight of high drama as both the major indices raced to new highs, only to crash immediately thereafter. The Bombay stock exchange Sensitive Index (Sensex) climbed from its 30 March closing of 781.05 to finish at a new high of 805.86 on 4 April. The National Index which was at 420.62 on 30 March also closed at a new high of 431.61 on 4 April. The previous bests for these indices had been 798.01 (5 July 1989) for the Sensex and 425.91 (10 January 1990) for the National. The sharp decline that followed reduced the Sensex to 748.79 and the National to 406.08 on 12 April, the last day of trading during the fortnight. The architects of the decline were apparently the institutions, which reportedly dumped Rs 50 crores of stocks at the time the indices topped. The decline was then helped along by the war paranoia which Dalal Street chose to afflict itself with.





Over the fortnight, the 200-day moving averages(DMAs) of the two indices gained a couple of points. The average for the Sensex moved from 727.66 to 729.22, while that for the National from 386.85 to 388.16. The lines are still running much too flat for forecasting the long-term trend of the market. The perceptible tilt which had begun to develop is likely to be short-lived with the decline that the market is currently going through.

Unlike the 200-DMAs, the Advance-Decline(A-D) line and the volume action have quite a story to tell. The A-D line failed to confirm the market highs, and rather miserably at that. It made a rally top of 6,278—well below the previous peak of 8,281. To make things worse, at its current reading of 4,652 it has already slipped below the previous low of 4,728. This is supposed to be an early warning of a bear market ahead. For the immediate future, A-D line theory forecasts a downward violation of the 8 February bottoms (659.30 for the Sensex and 369.95 for the National). Note, however, that such a signal had been given after the 5 July peak, without any major decline following, largely due to massive institutional and mutual fund buying.

MASSIVE SELL-OUT

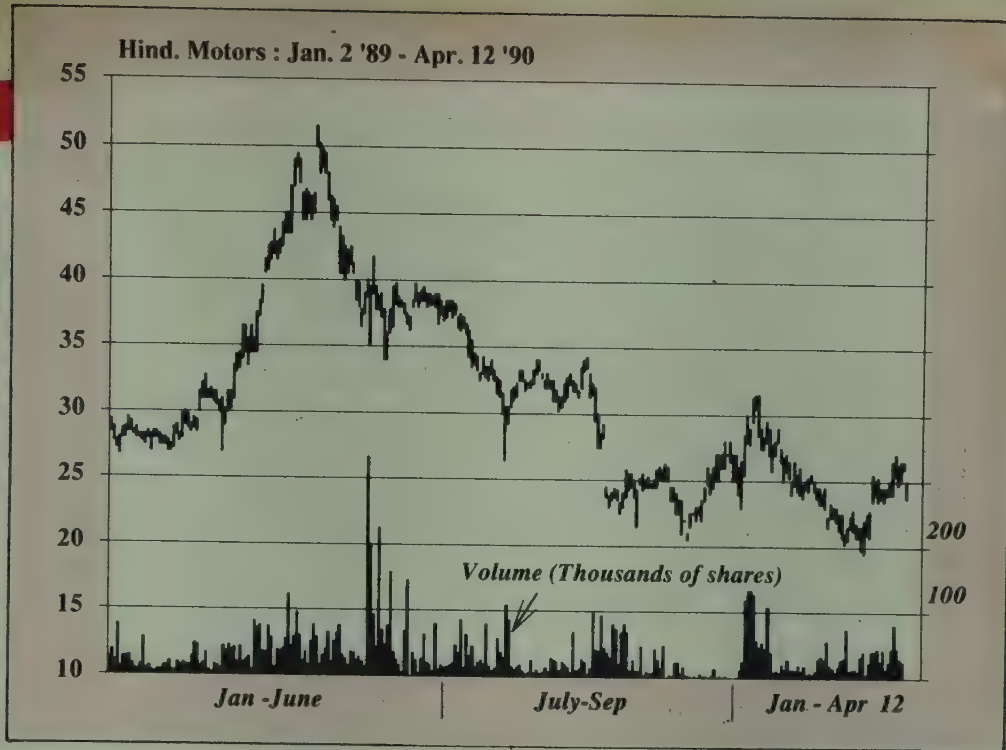
Like the A-D line, volume (number of shares traded) also failed to confirm the 4 April top. The volume figures during this rally were distinctly lower than those accompanying the 29 November-10 January rise. Also, barring 4 April itself, volumes showed a tendency to be higher on days where there was no improvement in the indices. And, after 4 April, volumes on declines have tended to be bigger than those on most days during the rise. The implication is that the big money is trying to get out of the market rather than enter it, at this time. The massive sell-out by the institutions confirms this. (Some marketmen were prompted to say that we have a Big Bear instead of the Big Bull.) The

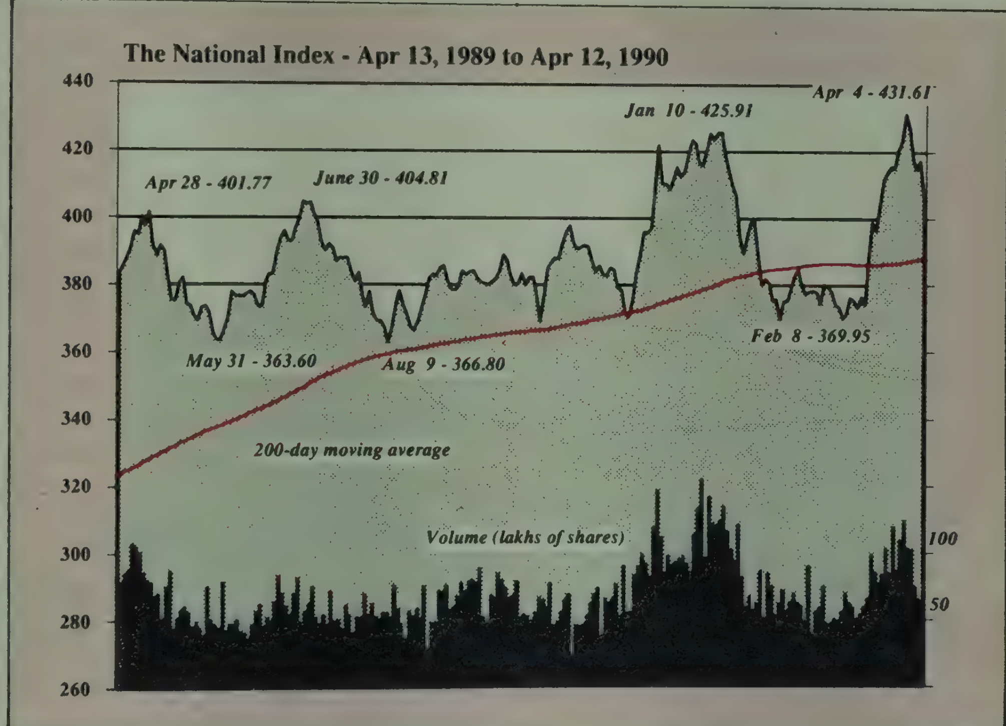
volume action also warns of a possible bear market ahead.

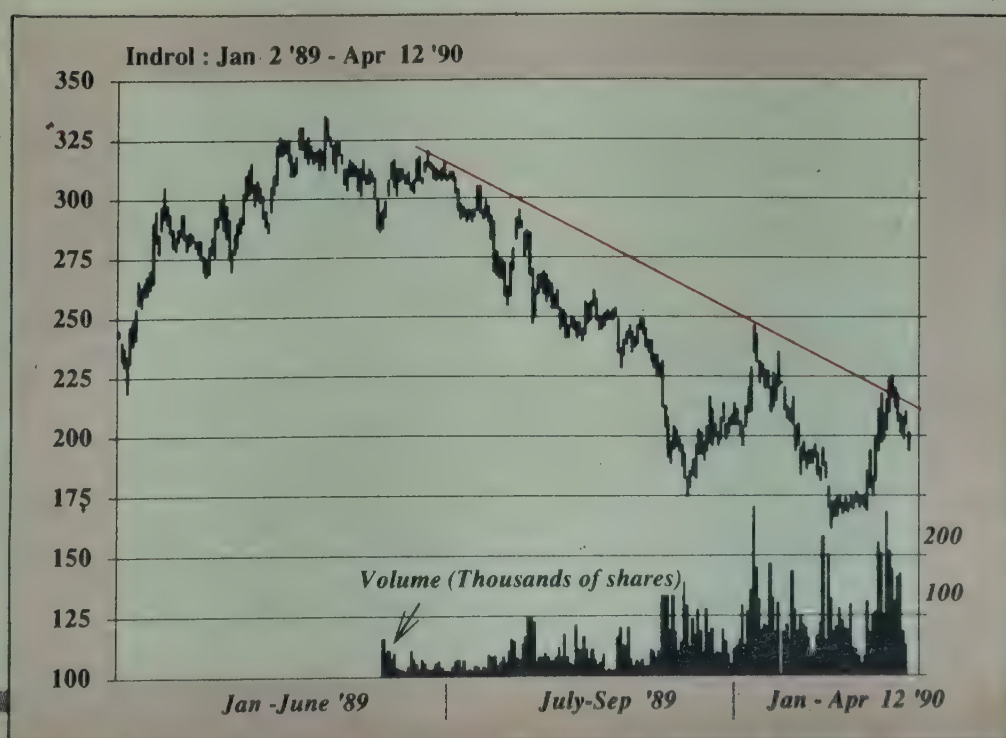
As far as Dow Theory goes, the National is probably the best available index to use—even though it is a 100-share index. The Sensex is too prone to give distorted readings as it is influenced by just five or six stocks. The National has yet to signal a bear market—to do so, the current decline would have to terminate below the 8 February bottom of 369.95—and the subsequent rise fail to reach the 4 April top. The Sensex has already signalled a bear market—though too prematurely to be of any use. As the Sensex just bettered its previous (12 December) top, we have the bizarre possibility that it may give the Dow signal for the beginning of a bull market by not going below its 8 February value of 659.30!

Even though the market is beginning to look weak, **Hindustan Motors** and **Indrol** appear to be working towards bottoming out. Hindustan Motors could make a double (or multiple) bottom at Rs 20. There was more activity (volume) just after the second bottom, which is considered bullish. However, it met resistance at Rs 27 and has started to decline with the market. It may still be worth picking up if it receives support at or above Rs 20 once more. A minimum expectation then would be its resistance at Rs 27. Should it break out beyond Rs 32.50 (middle of the "W")—the target would be Rs 45. It is a similar story with Indrol (even though the second bottom is slightly lower). Should it fail to go below Rs 170 once more, it would not be unreasonable to expect it to rise to Rs 225, at least. Both Hindustan Motors and Indrol have declining 200-DMAs, at 29.37 and 241.33 respectively, suggesting that it may be safer to look for short-term gains in these scrips. Finally, **Hoechst** has a rising 200-DMA of Rs 1,246.18. It is stuck in a symmetrical triangle—as are several other stocks including **Asian Paints** and **Eskayef.** This type of pattern could be either of consolidation or reversal, and is of real use only after a breakout. The Hoechst "triangle" is, however suspect, as it has been accompanied by increasing activity. The chances are some new and more reliable patterns may emerge for this stock.

■ *Deepak Mohoni*
The author is a director of Midas Vision which deals in software and computer graphics.







PRODUCTION

■ **Western Coalfields** has surpassed its target of production during 1989-90. The company produced 230.12 lakh tonnes (target: 220.7 lakh tonnes).

AWARDED

■ **Sportsfolio (India)** has bagged the 'Special Export Award' for the highest export of indoor games and the 'Export Excellence Award' for the highest export of carrom boards for 1988-89 from The Sports Goods Promotion Council for the third consecutive year.

■ **Voltas International** has bagged an order from Zambia to export a complete marble processing plant.

■ **Shri Ram Fibres** has bagged the 1989 best productivity award in the petrochemicals sector from the National Productivity Council.

■ **GNFC** (Gujarat Narmada Valley Fertilizers Co.), Bharuch, won the 1988-89 National productivity award for fertiliser industries from the National Productivity Council.

■ **EWAC Alloys**, a subsidiary of Larsen & Toubro won the safety competition 1990, organised by the Confederation of Engineering Industry (CEI)—western region.

■ **IFC** (The International Finance Corp.), an affiliate of the World Bank will invest $16.4 million (Rs 27.9 crores) in Mahindra & Mahindra (M&M) towards its modernisation and expansion programme.

INAUGURATED

■ The chief minister of Tamil Nadu, inaugurated a Rs 12 crore Indo-Japanese joint venture, **UCAL Fuel Systems**, at Maraimalai Nagar Industrial Estate.

KARUNANIDHI (R) INAUGURATING THE PLANT WITH MASAKI IKUTA OF MIKUNI CORP.

NEWS BRIEFS

■ Companies which fail to raise 90% of the targeted amount through **public issues** will now have to return the entire amount collected.

■ **Keonics Magnavision Computers** has signed a memorandum of understanding with a large cooperative in the USSR to set up a joint venture to manufacture low-priced home computers and EPABX systems.

■ **Sidco Leathers** has set up India's first integrated leather reclamation plant in Uttar Pradesh in technical collaboration with Berflex Export SpA of Italy at a cost of Rs 12.4 crores.

■ **Brooke Bond India's** takeover of Kothari General Foods has received the approval of the former's overseas parent and the latter's foreign collaborator. Brooke Bond will be buying up Kothari group's shareholding of 19% and General Foods' stake of 33%. The deal is yet to be cleared by the ICICI.

■ **The Reliance group** has promoted Reliance, UKE, in the UK. It has been permitted by the minister of finance to "export entrepreneurship." The Ambanis are also promoting a broking and finance company, Reliance Capital & Finance Trust. It is entering the capital market with a public issue of about Rs 20 crores, which is thought to be very high for a finance company.

■ **The Atma group** is planning to expand and diversify into paper and leather involving an estimated capital outlay of Rs 500 crores.

■ **Hindustan Copper** has set up a continuous copper (cc) rod plant at Taloja with a capacity of 60,000 tonnes of wide rods per annum. The technology has been provided by Southwire Co., US. It has expansion plans at its Ketri smelter and is setting up a new integrated copper plant at Malanjkhand by 1991. The project cost is around Rs 150 crores.

■ The **Thapar group** has been appointed marketing agents by IBM, US, in their complementary marketing assistance programme (CMAP). The Thapars will market IBM's large and mid-range systems in India.

■ Pyrites, Phosphates & Chemicals Ltd. **(PPCL)** has successfully commissioned the country's first pyrites-based sulphuric acid plant at Amjhore in Bihar.

■ Electronics Corporation of India **(Ecil)** is considering a proposal to manufacture sophisticated gamma cameras.

■ The National Mineral Development Corporation **(NMDC)** has made a dramatic turnaround expecting to notch up profits of around Rs 38 crores for 1989-90.

■ **JK Industries** has got the green signal from the government to implement a Rs 4.25 crore 10,000 tpa high yielding variety and hybrid seed project.

■ **Carborundum Universal** has been given the go-ahead for the Rs 12 crore 500 tpa industrial ceramics project.

■ Greaves Cotton, Shaw Wallace and Mahindra & Mahindra are planning

to take the plunge into the **deep sea fishing business**. The companies have taken the rod following SCICI chairman Vaghul's invitation to large houses to set up fisheries development projects.

■ Bharat Heavy Electricals Ltd. **(BHEL)** has developed an energy efficient pumpset that will save about Rs 300 crores worth of power for the agricultural sector.

■ **Astra-IDL** has launched "Prostodin", a prostaglandin, which has a significant role in treating pregnancy-associated complications.

INDAL'S HI-TECH FORAY

Indal made a quick entry into printed circuit boards. But market acceptance will come only in its sweet time

What has Indian Aluminium Co. Ltd. (Indal) in common with electronics? If that question had been posed a couple of years earlier, the answer would have been nothing.

No longer. In pursuit of its objective of diversifying into hi-tech and market-oriented businesses with "superior growth and profit potential," the aluminium giant (1988-89 sales: Rs 350 crores) has made an entry into electronics; or more precisely, into printed circuit boards (PCBs).

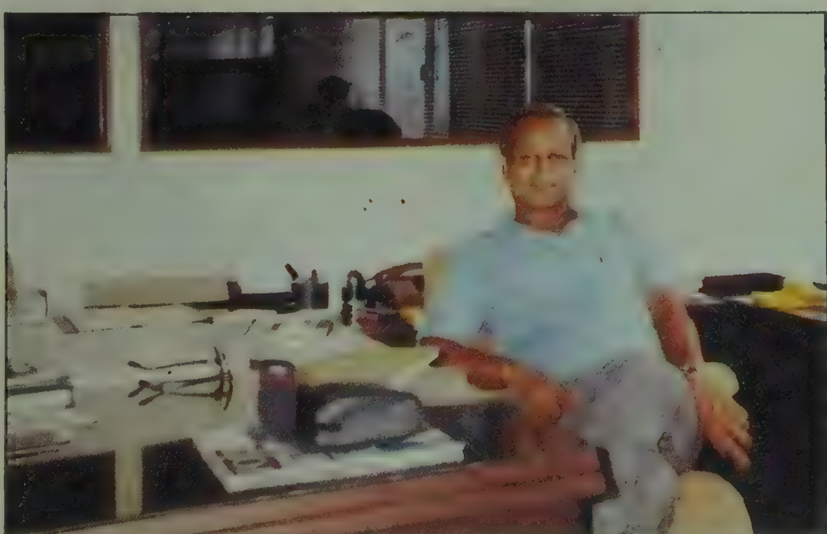
It makes good sense. According to an Elcina (Electronic Components Industry Association) survey, the market for professional-grade PCBs is expected to grow from the current Rs 130 crores per annum to Rs 360 crores by 1995.

Indal's PCB plant in Nanjangud, Karnataka, is already operational. In fact, commercial production commenced last May and by September the plant was turning out multilayered boards. A quick start, considering the complexities involved in their manufacture. Apparently, with its prestige at stake, Indal decided not to stint on money or effort to get the project going.

Remarkably it took Indal just one year from ground-breaking to commissioning the Rs 14.18 crore PCB plant, which has an installed capacity of 22,000 square metres (sq.m) of double-sided boards, 3,000 sq.m of single-sided ones and 5,000 sq.m of multilayered boards.

In double-sided and multilayered boards, Indal and Gujarat Narmada Valley Fertilizers Co. (GNFC) — whose plant in Bharuch (Gujarat) was commissioned a few months before Indal's — have the largest capacities in the country. But Indal has a higher capacity in multilayered boards, the market for which is likely to grow at a fast clip. Both GNFC and Indal have the same technical collaborator in the PCB technology division of the US-based Kollmorgen Corporation, a pioneer in inter-connection technology with many patents to its credit. Under the agreement with Kollmorgen, Indal is to pay a technical fee of $350,000 (Rs 59.5 lakhs) plus royalty (3% initially) on the value added. Indal is also a licensee of Kollmorgen.

Rising competition. The sophistication of Indal's PCB plant is perhaps beyond debate in the Indian context. But the question is whether it's a viable investment considering the large installed capacity vis-a-vis the poor inflow of orders, and that too in small lots, and rising competition. In the last one year, according to an Indal executive, more than half a dozen PCB units have come up, with three large companies — GNFC, the Pune-based Hivel and Indal itself — having entered the picture in 1989.



SARANGI IS SURE OF A 15% MARKET SHARE

Exact figures are unavailable, but according to one estimate there are 40 PCB units in the country. A majority of them are small, but there are quite a few medium-sized units too, though few of them are equipped for volume production. Among professional-grade PCB manufacturers of note are Micropac, Stovec, Mappel, Hi-Q, Rodal, and Rao Insulating Co.

In the PCB business, says Indal's electronics division manager (marketing) Pradeep Bhargava, winning the confidence of customers is vital and that comes only if the manufacturer delivers quality products consistently and on time. Companies such as Micropac, Hi-Q and Stovec — though not on a par with Indal and GNFC in terms of installed capacity and sophisticated equipment — are doing well in the marketplace because they have been able to establish a "good relationship" with their customers.

Disadvantage. In other words, having the right technology and machinery — Indal, for instance, can make fineline boards of less than 0.2mm conductor width and spacing — is only half the story. The other half is in getting trained manpower to operate the machines and, equally important, to market the products. It's here that Indal seems to be at a disadvantage right now.

So far as PCBs are concerned, Indal's is a new, untested name and when it comes to buying professional-grade boards, customers generally are wary and hesitant to experiment with suppliers. Compounding matters for Indal further is its 96-strong workforce at the PCB plant, which is young and inexperienced. The company, perhaps on the advice of its collaborator, chose to pick freshers out of college and after some short training — and that included a two-month stint in the US for five engineers — put them on the job. The only Indal executive with rich experience in PCB manufacture is manager (production) S.K. Rao, who was earlier with Bharat Electronics Ltd. (BEL).

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Rao frankly admits the inadequacies. "While there is nothing lacking in our plant in terms of equipment, our staff is inexperienced and as a company we are not yet well known in the PCB line." Also, adds Rao, the plant has to make do with orders which come in small lots (meaning below 100 units), sometimes as low as 25.


INDAL'S ELECTRONICS UNIT

Executing small orders poses another problem. As Rao explains, PCBs are made-to-order products and standards vary. "We are fairly familiar with Indian and US standards. But when customers come with other specifications — the documentation is sometimes in different foreign languages — it takes time to understand, to assimilate and then to execute." Adds Ramesh Sarangi, chief executive of the electronics division: "It would take about two years to establish ourselves. Since a PCB is a tailor-made product, one needs to establish a one-to-one equation with the buyer, gain his confidence."

Inexperience. But for all the inexperience of its factory personnel — which they certainly try to make up for by sheer enthusiasm — Indal has not done too badly in PCBs. This is obvious from the fact that it has been able to graduate quickly from single and double-sided PCBs to six-layered boards, and is taking up the production of eight-layered boards.

The quick progress on the manufacturing front has not gone unnoticed by its collaborator. Even on the sales front, the news so far has been good and the turnover target of Rs 3.5 crores for 1989-90 was exceeded, aided by some rather unexpectedly large orders for double-sided PCBs for electronic voting machines made by Bharat Electronics and the Electronic Corporation of India Ltd. (Ecil). While these public sector companies found to their dismay that the machines were not to be used in the November general elections after all, Indal ended up a gainer: orders for 2,000 sq.m of PCBs worth over Rs 1 crore were executed by the electronics division.

But bulk orders such as this may come to Indal only far and few between. Yet Sarangi is optimistic: "We will break even at the end of the second year (1990-91) and show some profit at the end of the third, when we expect a turnover of about Rs 18 crores with the plant working to full capacity."

Exports. Exports are also a possibility. "Enquiries are coming in and export incentives are available," says Rao (quoted earlier). "What we lack at the moment is confidence — confidence to deliver on time. Overseas customers cannot wait for more than three weeks but our operators are not trained to meet requirements at such short notice. Perhaps in a year's time we would be making a beginning in exports."

But of immediate worry to Rao and other PCB manufacturers is the indigenous availability of raw materials, or rather the lack of it. For instance, copper-clad glass epoxy laminated sheets — which account for over 30% of the input cost — were hitherto allowed to be imported under open general licence (OGL). But with the emergence of two domestic manufacturers, laminates have been put on the restricted list and imports, according to Sarangi, have become very difficult. On the other hand, adds Sarangi, the quality of the locally-made laminates is poor. "Our initial experience has not been encouraging." Drill bits, chemicals, and inks also pose a problem.

All this forces PCB manufacturers to stock up on inventories of raw materials and this, naturally, adds to costs. Fortunately, imports of PCBs of up to four layers is restricted. Indal executives are thus optimistic about prospects. "We are sure," says Sarangi, "we will be able to capture 15% of the market for professional-grade PCBs in the financial year 1990-91 and emerge as one of the top manufacturers in the country."

VIEW OF A BAREBOARD TESTER


Once established, Indal's electronics wing has plans to produce more sophisticated products like multi-wire boards, additive PCBs, surface-mounted boards, flexible PCBs and so on. All that, of course, is in the future. Right now, as Sarangi puts it, the company would rather concentrate on what's on hand.

■ *N. Raghavan*

PUNSUMI'S GROWTH SPARK

It has achieved an electrifying success in aluminium electrolytic capacitors, but that has not satisfied V.K. Bhargava, managing director of Punsumi India. He has now set out on further expansion and backward integration. "We are working to bring down the import content in capacitors from 90% at present to 10% besides expanding the production base," says he. In the process, the Punsumi group hopes to cross the Rs 100 crore turnover mark in the next three years with the flagship company, Punsumi India, contributing 50% of it.

BHARGAVA IS NOT YET SATISFIED

The three-year-old Punsumi India, with current year's sales projected at Rs 13 crores, is quite confident of selling capacitors worth Rs 50 crores in 1992-93. The reason: the government's increased emphasis on doing away with the screwdriver technology that is the norm in the electronics industry at present. Having achieved a capacity utilisation of 70%, the company is embarking upon a massive capacity hike. The installed capacity of Punsumi will stand at 17 million pieces a month by May 1990 against the present capacity of 6.2 million capacitors.

Tremendous potential. A considerable part of the new capacity will be products new to India. The company will introduce for the first time in the country photo flash capacitors with 4 mm diameter, large computer grade and sub-miniature type capacitors, "for which there exists a tremendous potential in the future," says Bhargava. With the capacity hike, costing Rs 18 crores, the turnover of Punsumi is projected to rise to Rs 25 crores, Rs 40 crores and Rs 50 crores in the next three years.

Bhargava contends that even if the local market does not develop, there is ample scope for exports. With quality comparable to international standards, Punsumi is exporting 15% of its output to Italy, the UK, Spain, West Germany and France. "We intend to raise exports to 40%, depending upon demand in the domestic market. However, even if there is adequate demand in the country, we will export a part of our production to retain our overseas market," says Bhargava.

Much of Punsumi's success is because it entered the market at the right time. The company commenced production in April 1986. That was the time when the government began putting pressure on colour TV manufacturers to indigenise, giving Punsumi a ready market. Today, the biggest chunk of the company's production goes to TV producers. And if colour TV provided a steady market for Punsumi in the beginning, it is the computer and entertainment electronics industry which has lured Punsumi to expand.

Another factor which seems to have aided the rise of Punsumi India as the market leader, is the financial shabbiness of its major competitors. Earlier, the aluminium electrolytic capacitors market was dominated by Uptron, Keltron, Webelsen and Philips. Among them three are public sector companies, two of them suffering from not only managerial but also financial handicaps. And the last, Philips, was in a shambles at the time of Punsumi's entry in the market.

Nursing a dream. But Punsumi has also to thank the experience of its promoter. Armed with a post-graduate degree in electronics engineering, Bhargava joined a Delhi-based company, Continental Devices, producing silicon transistors some 20 years ago. After two years he switched to another semi-conductor company, where he worked for the next five years as production manager. The turning point was when Bhargava joined

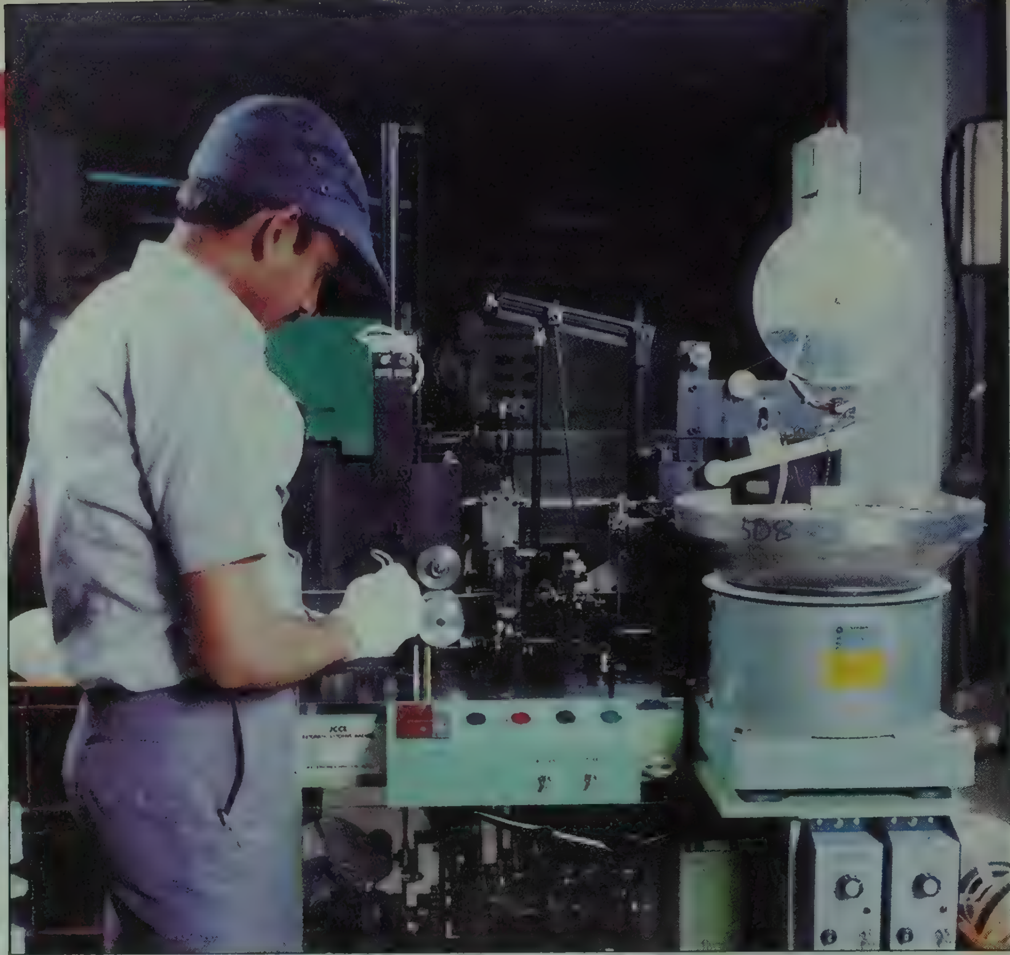
WORKERS SORTING OUT CAPACITORS

Uptron in 1975. At Uptron while setting up India's largest electrolytic capacitors plant and steering it to No.1 position, Bhargava nursed the dream of going on his own.

When Bhargava came to know that Riico (Rajasthan Industrial Investment Corporation) was looking for an entrepreneur to set up a plant for producing capacitors, he offered his services. He was selected mainly because of his experience in the field. "Of course, finance was a problem but banks and friends helped a lot in the beginning," says Bhargava.

Having realised his first ambition of setting up a world standard capacitor producing company, Bhargava is out to realise his second dream — indigenising the production. Thus Punsumi Engineers Pvt.Ltd., a subsidiary of Punsumi India, is implementing a Rs 5.5 crore project for the manufacture of disc covers, lead tabs and aluminium cans, both for captive consumption as well as for other users in the country. While lead tabs account for 8% of the total raw material consumption, disc covers and aluminium cans form 12% of the inputs, all of which is being imported at present.

Punsumi India will also be promoting a joint venture styled Punsumi Kakegana with Japanese technical and financial collaboration. This project, to make aluminium foils, will be a 100% export-oriented unit. The 25% production component allowed to be sold domestically will naturally go to Punsumi India. This will be a major boost for indigenisation as aluminium foils alone account for 50% of total raw material consumption. When these two projects come on stream, imported raw material usage will come down to 15-20%.


A VIEW OF THE PUNSUMI PLANT

Boosting the bottomline. This should help boost the bottomline because imports have, to date, been depressing profits. "To ensure a smooth supply of raw materials, we have to keep a high inventory of inputs. This explains our high loan funds of Rs 8.20 crores on which we are paying heavy interest," explains Bhargava. "Once we begin using indigenous raw materials, the interest burden will gradually come down." However, the loans taken to finance the expansion will also add to interest outgo.

The three-fold rise in the installed capacity will cost the company Rs 18 crores of which nearly Rs 14 crores will come from loans. Punsumi is doing its best to keep the loan component low by increasing its equity base from Rs 1.40 crores to Rs 3.50 crores. Thus the high expected earning per share of Rs 9 in the current year is expected to slide down in the next financial year.

Another future burden on the company depressing the profits will arise from foreign exchange fluctuation. The company went for foreign exchange loans in yen, the appreciation of which has increased the liability of the company by Rs 1.26 crores. Frankly admitting the mistake Bhargava says:"Like many others we were also lured to go for foreign exchange loans, the bait being the low interest of 7%. The appreciation of the yen has almost doubled my foreign exchange loans, but it is hardly a major problem."

Bhargava, for one, is confident that he can ride out these problems. And once his capacitors capacity climbs, he should be sitting pretty.

■ *Shashi Shekhar*

A FINANCIAL PROFILE

(Rs lakhs)

	Period ended 30 Sep 87	Period ended 31 Mar 89	6 months ended Sep 89
Turnover	505.70	1,400.41	435.50
Raw material cost	287.11	696.26	299.95
Excise	—	103.96	NA
Interest	86.01	187.84	74.96
Gross profit	27.61	209.54	82.12
Depreciation	66.37	74.40	24.00
Tax	—	14.60	11.50
Net profit (loss)	(38.76)	120.54	46.62
Equity	136.61	139.21	139.21
Reserves	15.00	76.86	NA
Gross profit/sales (%)	5.46	14.96	18.85

Note: The company has completed only two accounting periods in the past three years, each period of 18 months.

MUTHIAH UNDER PRESSURE

He likens politics to fire and he doesn't get too close to it or too far away from it. But Southern Petrochemical Industries Corporation (Spic) vice-chairman A.C. Muthiah has been in the frying pan for some time now. He has been at the receiving end of a lot of flak from the Tamil Nadu government ever since K.Karunanidhi's DMK was swept to power.

The latest broadside in the continuing war of attrition has been Muthiah's removal from the board of a joint sector unit — Tuticorin Alkali Chemicals and Fertilisers Ltd. (TAC). The upshot has been that he has had no alternative but resign as its chairman. The move further sidelines Muthiah, the south's premier empire-builder, who has taken the Rs 492 crore turnover Spic steadily up the industrial rankings. Muthiah's industrial ventures are mostly in Tamil Nadu and several of them are in the joint sector, where the Tamil Nadu Industrial Development Corporation (Tidco) is the major partner.

MUTHIAH: VICTIM OF VENDETTA?

Prolonged witch-hunt. The continuing erosion of Muthiah's position in various joint sector ventures is perceived by corporate observers as a prolonged witch-hunt because of Muthiah's allegedly close links with the Congress(I). Others, however, discount this theory and attribute the DMK government's hostility to a breakdown of personal equations. Muthiah himself is incommunicado and the government too is keeping mum. Bureaucrats are afraid of being dragged into something that is increasingly looking like a vendetta.

As one senior official puts it:"What the government is doing could be right, but it is being made to look one-sided." He contends that it is only fitting that a government nominee should head a joint sector enterprise and not a private sector promoter like Muthiah.

Be that as it may, Muthiah has been subject to quite a few body flows since the DMK came to power in January 1989. Consider:

■ In March 1989, the Tamil Nadu government removed Muthiah from the chairmanship of the joint sector Southern Agrifurane Industries Ltd. (SAFL) and scuppered Muthiah's chances of merging the company with Spic. The company had piled up staggering losses and the financial institutions had recommended merger. SAFL had also set up a distillery and an India-made foreign liquor (IMFL) bottling plant, one of the five bottlers to get permits during the MGR regime. But with the government announcing a takeover of the IMFL trade, Muthiah was eased out despite Spic having a 25% stake in the company.

■ Around last August the government fired yet another salvo, asking the chairman of Spic and Muthiah's father, M.A. Chidambaram, to step down in favour of a Tidco nominee. The rules governing joint sector units in Tamil Nadu state that the Tidco nominee should be chairman while in Spic's case both the top posts were held by the private promoters.

After some initial rumblings, the Tamil Nadu government allowed Chidambaram to continue as chairman and there was widespread speculation that everything was hunky-dory and that the state's largest industrial group and the DMK government had patched up. The air of camaraderie was reinforced by the fact that both Muthiah and Karunanidhi attended the weddings of each other's progeny. The TAC ouster disproves all that.

TAC was promoted in 1971 by Tidco and Spic with the former having most of the equity. The letter of intent for the project was initially issued to Spic but as the company was in the doldrums at that time, Tidco took up the major stake. Speculation is rife that Muthiah, after his ouster, may even shed the 5% stake in TAC he still has.

Puzzling. Corporate circles are puzzled over why Muthiah should be eased out of a small and poorly faring company. The earlier issue of asking the Spic chairman to step down is attributed by a company source to some intense lobbying by the IAS cadre in the state to get a toehold in the most profitable joint sector enterprise in the state. But the current move lends itself to no such facile explanations.

The pinpricks for Muthiah continue in other areas as well. Tidco, it is reported, has blocked a Spic proposal to make a rights issue to raise its share of the capital of the proposed aromatics complex in a tieup with Madras Refineries Ltd.(MRL). The ostensible reason is the lack of resources with Tidco to take up its share of the rights if and when it is issued.

The question on everyone's lips is whether the DMK government can continue to antagonise an industrialist who has so many projects up his sleeve. These include the revival of Standard Motors and the Rs 1,350 crore aromatics complex planned with MRL, which would have put Tamil Nadu on the petrochem map. Sooner or later the government may realise that it can't.

■ *Vinay Kamath*

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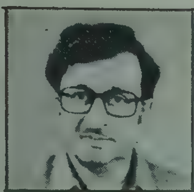


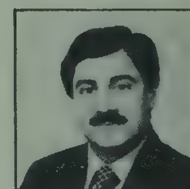
H.R. PATANKAR has assumed office as chairman and managing director of Gujarat State Fertilizers Co. Ltd.

K. MUBAYI has been appointed whole-time director of Mather & Platt (India) Ltd.

S RAGHUNANDAN has been promoted to director, sales, Oberoi Hotels, Bombay.

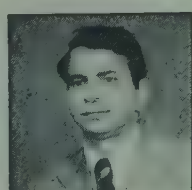
M.L. SHARMA has taken over as chairman and managing director of Hindustan Fertilizer Corporation Ltd.

K.N. VENKATASUBRAMANIAN has been appointed chairman and managing director of Engineers India Ltd. (EIL).

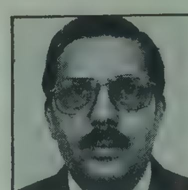


ARUN SETH has taken over as regional manager, operations (north), of Modi Olivetti Ltd.

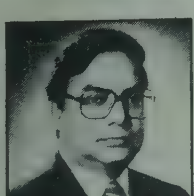
M.K. SHARMA has been appointed vice-president, legal on Hindustan Lever's Management Committee.



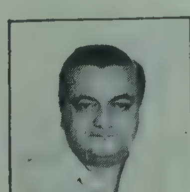
HIRANMOY GANGULY has taken over as managing director of Smith Stanistreet Pharmaceuticals Ltd.



MADAN M. LALL has been appointed Air India's commercial director. Prior to this, he was deputy commercial director, marketing and sales.



B.D. BOSE has been elected chairman of the Confederation of Engineering Industry (eastern region).



P.K. DWIVEDI has taken over as addl. general manager of NTPC, southern region transmission lines office.

AJIT GULABCHAND has been elected president of the Builders' Association of India (BAI).

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Successful applicants are expected to be graduates/post graduates in Computer Science or Engineering with 10 to 15 years experience in mainframe environment preferably on NCR 8500 or NCR 9800 series. Experience must include programming, systems design and project management involving ASSEMBLER and COBOL. Banking experience involving networking of mainframe, PCs and ATMs and exposure to financial packages like TOTAL CONCEPT, KAPITI, BANKER 80 will be an advantage.

Besides tax free salary, position provides furnished family accommodation, transport, medical and annual leave with return passage.

Please apply immediately quoting Ref. No. FL/F-3393:

DATAMATICS STAFFING SERVICES
Post Box No. 106 G.P.O. Bombay-400 001.

Diason

HEAD OF PERSONNEL DEPARTMENT

Code No. R/04/483

AURANGABAD

WE

The market leaders of two- and three-wheelers, having ambitious plans of growth.

THE PLANT

The state-of-the-art two- and three-wheeler manufacturing plant at Waluj, Aurangabad (Maharashtra), spread over 360 hectares of land, having a strength of 6,000 employees at present.

YOU SHOULD

Be a Post-graduate in Personnel Management. In addition, a Degree in Law is desirable.

Have a minimum of 15 years' relevant experience, out of which at least 5 years in a senior position.

Be capable of handling the entire range of personnel functions, including industrial relations, union matters, manpower planning, recruitment, discipline, wage and salary administration, ESI etc., and of dealing with Government Labour Departments, Labour Courts, etc.

Be a bridge between the workers and the management, have a flair and passion for nurturing and promoting a healthy climate and work culture.

WE OFFER

Good compensation, including Company car as per scheme, and accommodation.

APPLY

Within 15 days, giving all your relevant details, including salary drawn and expected, with the name and code number of the post indicated above, superscribed on the application, to :

Chief Executive (Aurangabad)
Bajaj Auto Ltd.
Bajaj Nagar, Waluj,
AURANGABAD - 431 133

PRATIBHA-90-302

bajaj auto ltd.

APPOINTMENTS

FINANCE DIRECTOR

NIGERIA

Savings of USD 30,000 p.a. +

A highly successful and reputed group with diversified interests wishes to recruit a senior professional to head its finance function. The group is professionally managed and employs number of senior professionals from multinational and reputed Indian companies.

The selected person will be part of the top management team and head the finance, MIS and part of commercial functions.

Applicants should be Chartered Accountants with at least 5 years experience at comparable level in a large Indian or multinational company. Exposure to international finance, import/export trade will be a definite advantage. Our clients are looking for a senior professional of exceptional calibre and outstanding track record. Preferred age group 35 to 45 years.

An attractive compensation package with a saving potential of USD 30,000 per annum will be offered to the right candidate. Benefits include furnished family accommodation, car, driver, steward, medical and annual passage.

Apply immediately quoting Ref. No. SB/F-3392 and indicating contact telephone nos to:

S. C. Bhatia

DATAMATICS STAFFING SERVICES

Eucharistic Congress Bldg.III,
5 Convent Street,
Bombay 400 039.

Diason

SRF

SHRI RAM FIBRES LIMITED

We are a fast growing multi-locational, professionally managed group of companies with an annual turnover exceeding Rs.125 Crores and having a highly diversified business portfolio which includes Nylon Tyrecord, Synthetic Industrial Fabrics, Engineering Plastics, Fluorocarbon Refrigerant Gases, Precision Bearings, Auto Electricals and Financial Services. As a young organisation, we place emphasis alike on business growth and the development of our people.

We invite applications for:

TECHNICAL SERVICES ENGINEER

Applicants should be Engineering Graduates with specialisation in Polymer Technology or Plastics Technologists from reputed institutions with 3 to 5 years experience. The incumbent should have excellent knowledge on Polymers with their processing methods alongwith exposure to design aspects of industrial plastic components, moulds, dyes and tools.

Preferred age group for the above position is 24 to 28 years.

The incumbents will be based at any one of our Regional Offices at Madras, Bombay, Delhi and Calcutta.

Salary offered for the above position will be commensurate with qualifications and experience and will not be a limiting factor.

Candidates may send their applications enclosing detailed bio-data with recent passport size photograph within seven days to:

DY. GENERAL MANAGER
(EMPLOYEE RELATIONS)

SHRI RAM FIBRES LIMITED

MANALI INDUSTRIAL AREA
MANALI, MADRAS-600 068.

SENIOR MANAGEMENT OPPORTUNITY

SOUTH INDIA

The Company:

A Rs.150 crore strategic business unit of one of the top 20 Indian Public Limited Companies. It manufactures capital goods in collaboration with a world renowned Fortune 100 Company.

The positions:

The Company requires two senior executives to function as divisional controllers of materials and marketing functions.

The positions will involve overall responsibility to improve performance in several aspects of materials, marketing and product support management. Successful completion of assignments could lead to general management positions.

The candidates:

MBA's with an engineering background, who have about 15 years' experience in industrial products. They should have demonstrated significant success in achieving targets through team effort. Expertise in systems and materials or marketing areas will be a definite advantage.

Please forward your resume with a one page statement of why you consider yourself an excellent manager.

Emoluments and perquisites will not be a limitation.

Interested candidates may write to:

Box No: 741, BusinessWorld,
6. Prafulla Sarkar Street,
Calcutta-700 001

DEEPAK FERTILISERS & PETROCHEMICALS CORPORATION LIMITED

Deepak Fertilisers is fast moving towards completion of its massive Rs. 346 crores forward integration programme. This will result in a rise in turnover from Rs. 42 crores to Rs. 250 crores. Five state-of-the art plants at Taloja Complex near Bombay will produce value added products like ANP Fertiliser, Low Density Prilled Ammonium Nitrate, Nitric Acids and Methanol.

Recruitment of Engineer Trainees, Operator Trainees, Technicians and other technical staff is in full swing.

The Company lays considerable emphasis on its Human Resources and plans to build up a modern technical training centre at its Taloja Works.

We require:

DEPUTY MANAGER (TECHNICAL TRAINING)

The job involves developing and managing the Technical Training Centre. Initially the job includes identifying, planning and executing technical training for Engineer Trainees, Operator Trainees (Science graduates) and Technicians. Subsequently the technical training of the Managerial Cadre will be major responsibility. Vision, innovativeness, communication and flair for training are a must. Knowledge of the latest techniques/methods of training are essential.

You should be a Chemical Engineering Graduate with around 8-12 years experience in a large continuous process plant, of which at least 3 years should be in Technical Training function. You should have high communication and persuasive skills, managerial abilities and interest in developing a career in training area. Experience in line functions such as Production, Technical services or projects, would be a distinct advantage.

Gross emoluments are expected to be in the range of Rs. 1,00,000 to Rs. 1,30,000 per annum. Housing will be provided as per the Company scheme.

Please apply within 10 days, superscribing the envelope, at the following address:

VISION MANAGEMENT SERVICES PVT. LTD.,
72/A, ADVENT, GENERAL J. BHONSLE MARG,
OPP. MANTRALAYA, NARIMAN POINT,
BOMBAY-400 021.

Together, let's make the difference.

GUJARAT STATE TEXTILE CORPORATION LTD

(A Government of Gujarat Undertaking)

AHMEDABAD

REQUIRES

(For its Head office at Ahmedabad)

CHIEF MANAGER (MANAGEMENT SERVICES):

The applicant should be an I.C.W.A. preferably with M.B.A. with financial management and with formal qualification in Computer Science. The incumbent will be heading the Management Services Department at the Head office of the Corporation. The incumbent should have full knowledge and adequate previous exposure to computerised analysis and operation of management information system through computer. He should be experienced in operating management information system for planning/programming for textile industry. He will be responsible for compilation, tabulation and analysis of cost and other data related to the working of the constituent mills of the Corporation through computerised system. He will carry out diagnostic analysis of the monthly performance of the mills with a view to suggest detailed remedial actions and will be aiding the top management in finalising short-term as well as long-term corporate goals. He will be responsible for arranging detailed computation of costing and finalisation of loom programmes from the constituent mills in consultation with the Chief Sales Executives of the Corporation. He is expected to be well conversant with standard costing and modern internal costing system prevailing in reputed composite textile mills. He should have minimum 15 years' experience in textile industry in the area of management services of which, minimum 7-8 years' experience should be at a comparable senior level position.

AGE LIMIT: 45 years

PAY SCALE: Rs 3900-125-4900-EB-200-5900-EB-200-6700 (Total emoluments at minimum and maximum stages of the pay scale would be Rs 5900/- and Rs 9300/- approximately).

Deserving candidates for the above post may be given higher start in the above grade. The Corporation may consider relaxing the age and qualification requirement in its discretion in deserving cases. Working knowledge of Gujarati language is essential. Applicants already employed in Government/Semi-Government organisations are required to apply through proper channel. Those interested may mail typewritten application stating educational qualifications, positions held till date with details of designation, job functions, period, emoluments and emoluments expected within 10 days from the date of publication of this advertisement to:

The Managing Director

GUJARAT STATE TEXTILE CORPORATION LTD.

1st Floor, Preema Chambers, Sardar Patel Nagar Road,
Ellisbridge, AHMEDABAD-380 006

APPOINTMENTS

Bharat Petroleum

(A Govt. of India Enterprise)

Requires

PERSONNEL PROFESSIONALS
As
MANAGERS/DY. MANAGERS

(No. of anticipated posts: 3)

Gross Emoluments ranging between Rs. 60,000/- to Rs. 70,000/- per annum (which is likely to be revised) plus coveted perks including housing.

We are looking for Personnel Professionals with full time Post-Graduate academic qualifications in Personnel Management from reputed institutions with 7 years of relevant post-training experience in industry.

Responsibilities would cover the entire gamut of Personnel activities and considerable leeway exists for innovation and creativity in a professional environment. Our growth prospects for an individual are very good and have, by now, become well known in Industry. In return, we are seeking in the incumbent, commitment, diligence and a high level of enthusiasm besides professional skills and abilities.

Successful candidates would be between 30 and 38 years of age. In the case of reserved categories, however, the upper age limit would be relaxed as per rules.

Interested candidates may submit their applications giving details of age, qualifications, experience, references, etc. along with a brief write-up highlighting at least one of their achievements, within 15 days to:

Dy. General Manager (Pers & Admin)
Bharat Petroleum Corporation Ltd.,
Refinery Site, Mahul, Bombay 400 074

Public Sector candidates should apply through their employers.

United Database India is a young, dynamic and professionally managed company, which has introduced an International multi-billion dollar business - the Yellow Pages. The Yellow Pages has received an overwhelming public response and promises to revolutionise the field of information marketing in the country.

Equipped with state of-the-art technology, a vast computerised database and a motivated team of over 800 personnel, UDI is set to attain leadership in the areas of information processing direct marketing and communication. Offering an extremely challenging and professional work environment the company requires for its **Calcutta Office:**

CITY MANAGER

Candidates are expected to be graduates with a master in Business Management and a minimum of eight years experience. A strong sales background in media, consumer durables or service industry is desired. Ability to translate new concepts into effective sales strategies and lead a large team of field managers and sales personnel is a must. Should have had an exposure and hands on experience of multi disciplinary managment functions of a branch office. Only candidates earning over Rupees One lakh per annum should apply.

The position is for immediate appointment. Please apply in complete confidence within 10 days with a detailed personal resume and passport size photograph to:-

UDI
YELLOW PAGES

General Manager (Eastern Zone)
United Database (India) Pvt. Ltd.
13/1A, Government Place East
Calcutta - 700 069

UNIQUE OPPORTUNITY FOR

HARDWARE MARKETING PROFESSIONALS

TO SWITCH TO MARKETING SOFTWARE OVERSEAS IN USA/EUROPE/AUSTRALIA, etc.

We are a leading Information Technology Group, among the top five software export companies in the country, with over 500 clientele in 40 countries across the globe. While our growth rate has been over 100%, we have set even more ambitious targets and invite outstanding hardware marketing professionals at various levels to join us in this exciting endeavour.

The appointees will be provided necessary training/orientation to take on challenging assignments entailing marketing of software/services/products in ***USA, Europe, Australia & New Zealand, Far East, Middle-East and Africa.*** *Positions are Bombay based requiring frequent overseas travel. However there is no provision for company accommodation at Bombay.*

Suitable candidates will have a good university degree, preferably in Engineering/Management with 5-15 years highly successful track record in hardware marketing.

EMOLUMENTS ARE LIBERAL & NEGOTIABLE. GROWTH OPPORTUNITIES ABSOLUTELY UNLIMITED.

Please apply citing code No.KM/D23 to
GPO BOX 106, BOMBAY-400 001

FAST MOVES.....

The KOTHARY GROUP is a new, fast-growing group with interests in several diversified fields — exports, software development, real estate and chemicals, among others.

The Group is presently recruiting for two posts in its Exports Division. Remuneration and perquisites will be excellent and above industry standard. The Group is committed to in-house entrepreneurship: creative inputs and a can-do attitude are recognized and rewarded.

The Group is exporting to the Far East, and will shortly commence exports to the U.S.A. and Europe. Present exports include foods and fabrics, and will soon expand to garments, dyestuffs, chemicals, and other exciting products.

Assistant Vice-President (Marketing)

Preferred Age Group: 30-40 years.
The AVP (Marketing) will be responsible for fast-paced growth of the Exports Division, and based on performance, will ultimately head it as Vice-President (Exports). The major targets will be to secure new export orders for a range of products — current and new — in international markets, set up distribution networks in foreign countries, and continuously expand the international customer base and sales volume of the group. Frequent travel on business will be part of the job. He/she must have relevant experience in the field, preferably in a position of similar responsibility in an Export House or in the Exports Division of a reputed company.

Assistant Vice-President (Operations)

Preferred Age Group: 30-40 years.
The AVP (Operations) will be concerned with product sourcing, vendor & product development and timely execution of export orders for all products. He/she will be interacting with vendors in this regard, as well as with government authorities for the processing of export documentation. (Familiarity with export procedures will be required). The incumbent will be responsible for streamlining the overall administration of the division. Previous experience in export operations, especially in vendor development, is a must; persons having widespread contacts in industry will be given preference.

If you fit in any of the above categories, make a fast move, and send your details to:

The KOTHARY GROUP, 141 B Mittal Tower, Nariman Point, Bombay 400021.

No interviews will be granted without prior appointment.

APPOINTMENTS

GUJARAT STATE TEXTILE CORPORATION LTD.

(A Government of Gujarat Undertaking)

AHMEDABAD

REQUIRES

MARKETING ADVISOR: (For Head Office) (1 Post)

Gujarat State Textile Corporation Ltd. is a Public Sector Undertaking of Government of Gujarat running 11 nationalised composite mill units and 2 Co-operative Spinning Mills as Administrator, in the State of Gujarat. The annual turnover of Gujarat State Textile Corporation Ltd. is Rs 170 crores inclusive of the annual turnover of the two Co-operative Spinning Mills. Gujarat State Textile Corporation Ltd. is looking for a senior Marketing Executive to monitor the total marketing function of the Corporation. The post of the Marketing Advisor is the senior most post in the marketing department. He will be incharge of the marketing operations including exports of all the mill units of the Corporation in Gujarat. Responsibilities include formulation and implementation of marketing plans and devising strategies, establishing marketing network, dealer development, market research, sales promotion, working out optimum product-mix and developing new varieties of textiles. He will report directly to the Managing Director.

The candidate should ideally hold a professional (Post Graduate) qualification in marketing, preferably MBA with Basic Degrees in Textile Technology, and have at least 15 years' experience in higher levels of marketing management in textile industry. His record track should be excellent.

AGE LIMIT: 50 Years

PAY SCALE: Rs 5900-200-6700-EB-200-7300, plus allowances as per the rules of the Corporation. Total emoluments at the minimum and maximum stages would be Rs 8,475/- and Rs 10,006/- approx.

Deserving candidates for the above post may be given higher start in the above grade. The Corporation may consider relaxing the age and qualification requirements in its discretion in exceptionally deserving cases. Working knowledge of Gujarati language is essential.

Applicants already employed in Government/Semi-Government Organisations are required to apply through proper channel. Candidates belonging to ST/SC community would be paid "To" & "Fro" 1st Class Railway fare on the shortest route for attending the interview.

Those interested may mail typewritten applications stating educational qualification, position held till date with details of designation, job functions, period, emoluments and names of employers, references, present emoluments and emoluments expected within 15 days from the date of publication of this advertisement to:

The Managing Director

GUJARAT STATE TEXTILE CORPORATION LTD.

1st Floor, Preema Chambers, Sardar Patel Nagar Road,
Ellisbridge, Ahmedabad-380006.

MANAGING DIRECTOR

(PHARMACEUTICALS)

A large well-known public limited company in Western India wishes to appoint a Managing Director who will be responsible for the overall operations of the company and will initiate and implement innovative strategic plans for modernisation and rapid growth of its operations. The candidate should have a proven track record as Chief Executive and should have wide experience in handling finance, marketing and production operations. He should have the ability to lead a team of senior professionals towards achieving the company's objectives and should be able to deal with financial institutions and Government agencies.

Interested persons should send resume giving details of qualifications and experience which will be treated in strict confidence and no disclosure will be made without prior permission.

The Remuneration Package and Benefits would be structured to attract the best in the industry. Please write to

Box No 742 BusinessWorld, 6, Prafulla Sarkar Street, Calcutta-700 001.

APPOINTMENTS

DIRECTOR-QUALITY ASSURANCE

Our clients a multinational pharmaceutical, agrochemicals, and bulk drug manufacturing company wish to recruit a head for their Quality Control Function.
The position which reports directly to the Managing Director has total responsibility for quality related matters of the Company through a team of managers, officers and chemists.
The right candidate would be an M.Sc/Ph.D in his mid forties, already at a No. 1 level in a reputed pharmaceutical/agrochemical company.
Emoluments would be negotiable and on par with industry standards.
Please apply in strict confidence to:

PERSONNEL SEARCH SERVICES
Sambava Chambers, 3rd floor, Sir P.M. Road, Fort,
Bombay-400 001.

VICE-PRESIDENT-OPERATIONS

A large group in the service industry with activities in cargo handling, clearing & forwarding, transportation, travel services and courier industries is looking for a Vice-President for the western region operations of their Transportation Division.
The selected person will head the Western region set up and be responsible for identifying market opportunities and capitalising on them.
We are looking preferably for an MBA in his mid thirties with profit centre management experience. He should have highly developed administrative and leadership skills and possess the capacity to handle a large team of managers and staff. Exposure to the transportation business will be valued.
Emoluments will be negotiable in the region of over Rs. 1 lac p.a. in addition to company car, driver and other perquisites.
Please apply in strict confidence to:

PERSONNEL SEARCH SERVICES
Sambava Chambers, 3rd floor, Sir P.M. Road, Fort,
Bombay-400 001.

GTC

INDUSTRIES LIMITED

Tobacco House, Vile Parle (W), Bombay 400 056.

We are the flagship company of the diversified industrial conglomerate: THE DALMIAS - whose interests range from cigarettes, chemicals, dairy products to telecom, advertising, film production, resorts and a host of other spheres. We are manufacturers of well known brands of cigarettes and have a vast distribution network. We require:

MARKETING MANAGER - New Delhi

Will be responsible for providing creative and dynamic leadership to the marketing team and management of the entire marketing mix. The incumbent will report to the General Manager (Marketing).

Ideally, the aspirant would be an MBA (Marketing) from a reputed Institute with around 10 years of excellent track record in consumer marketing.

Preferred age: 32-37 years.

PERSONNEL MANAGER - New Delhi

Will be responsible for personnel administration in the HO with major thrust on implementation of performance appraisal system, training and development activities, implementation of personnel policies etc. The incumbent will report to the General Manager (Personnel).

The ideal person would be a Post-graduate in Personnel Management/MBA with specialisation in Personnel Management/Organizational Behaviour from a reputed institute with 8-10 years relevant experience.

Preferred age: 32-37 years.

PRODUCT MANAGERS - New Delhi

Will be responsible for co-ordinating and integrating all activities like executing and monitoring marketing plans, optimum utilisation of resources for advertising and promotional activities in a competitive environment for the current as well as the medium and long term profitability of the assigned product group. The incumbent will report to the Marketing Manager.

We are looking for an MBA (Marketing) from a reputed Institute with around 5 years experience in a fast moving consumer product Company or Advertising Agency.

Preferred age: 30 years.

WE OFFER EXCELLENT PACKAGE AND PERKS WHICH WILL MATCH THE BEST AVAILABLE IN THE INDUSTRY

Please send your Resumé (alongwith a passport size photograph) within 10 days indicating qualifications, experience, present and expected emoluments and superscribing on the envelope the position applied for to:

General Manager (Personnel)
GTC INDUSTRIES LIMITED
Tobacco House
Vile Parle (West)
Bombay - 400 056

Govan/1/90 Bom

MAKERS OF CHANCELLOR

APPOINTMENTS

The Telegraph

Appointment Pages

Every SUNDAY

Circulation 1,63,539 Copies.

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For details contact
The Senior Advertisement Manager

The Telegraph

6, Prafulla Sarkar Street
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SM Zschimmer & Schwarz Chemicals Ltd.

Regd. Office: 11 Sahakar Road, Vile Parle (E), Bombay 400 057.

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Equity Participation by
SM Dyechem Ltd
The Multi-Dimensional High-Growth Star of the Chemicals Industry

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- State-of-the-art technology-accepted and recognised in more than 80 countries.
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- First phase products successfully established in the domestic market.
- High returns on investment to shareholders of promoter company shares quoted at Rs. 100 on 30th March 1990.
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SM Zschimmer & Schwarz Chemicals Ltd

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MANAGERS TO THE ISSUE

INDBANK Merchant Banking Services Ltd. 31, Rajaji Salai Madras 600 001

BOI FINANCE LTD. Stock Exchange Towers, Dalal Street, Bombay 400 023.

CANBANK Financial Service Limited (A wholly owned subsidiary of Canara Bank) Bombay

BOB Fiscal Services Ltd. Phiroze Jeejee Bhoy Towers 16th floor, Dalal Street Bombay 400 023.

V.B. Desai Financial Services Ltd. Merchant Banking Division Cama Building, Dalal Street Bombay 400 023

Adfactors/SMZS/2490

WHAT ON EARTH IS A FORMULA-I RADIAL?

Quite simply, a new generation tyre. In conventional tyres, the nylon cords run diagonally to the rim.

But in a Formula-1 Radial, they are perpendicular. With an additional rigid belt running underneath along the rim.

An altogether new configuration that puts you in total control.

Indulge your passion for speed. The wider, squat tyres with flexible sidewalls maximise road contact. Providing excellent traction.

The unique, computer-designed tread profile gives better road grip on curves, sure-stop braking assurance and steering stability.

In short, better car control. With enhanced tyre life. Fuel economy. And higher puncture resistance.

With latest technology from Yokohama Rubber Company, Japan. Fit Formula-1 Radials today. And experience being in the driver's seat.

FORMULA-1 RADIALS

FOR BETTER CAR CONTROL

CEAT

born tough

GIC'S HOUSING OFFSPRING

The latest to clamber on to the housing finance bandwagon is the insurance monolith, General Insurance Corporation (GIC). Its new offspring, GIC Griha Vitta Ltd. (GGVL), received its certificate of commencement of business in January and is likely to start operating after the parliamentary budget session. The new company's paid-up capital of Rs 5 crores has been contributed by GIC and its subsidiaries (49.50%), with the balance coming from IFCI, ICICI, UTI, SBI Capital Markets and HDFC. The outfit is to operate on the lines of HDFC. GGVL will go public once it's able to show a profit.

TWO'S A CROWD

Manu Chhabria likes the lean and hungry look in his companies, and is dead serious about weight-watching. At the troubled Genelec, which is said to be in the bizarre situation of annual losses exceeding annual sales, Chhabria wants weight reduction at the top. As of now, Genelec is headed by B.K. Banerjee (designated as executive vice-chairman and managing director) and chief operations officer Kewal Sareen (designated as president).

Not convinced that this setup is cost-effective for the badly haemorrhaging company, Chhabria has ordained that two chiefs are one too many for Genelec.

According to reliable reports, the chances are that Banerjee will be moved to an appropriate post in Shaw Wallace leaving Sareen in full charge at Genelec.

BASU MOVES ON

There's going to be a new boss at SBI Capital Markets soon. D. Basu, who has been heading the State Bank of India subsidiary as deputation director for the last four years (since its inception) is now being recalled by the SBI as a deputy managing director and will be taking on his new assignment in June.

BASU'S RECALLED

In Basu's place comes R. Vishwanathan, a chief general manager of SBI who headed the Bhubaneswar circle of the bank. But changes at the top are not the only news from SBI Caps. The merchant banking subsidiary, which started a trend among nationalised banks way back in 1987 by hiring five MBAs as middle-level executives, is now on overdrive on that front. This year SBI Caps has planned an intake of as many as 25-30 young MBAs into its fold. A move to professionalise the outfit?

AI'S AD BLITZ

After last year's facelift, courtesy the US-based design consultants Landor Associates, Air India is readying now for a mega ad blitz worldwide. For the first time, the airline has hired an international ad agency for all its global campaigns. Earlier, its practice was to hire small ad shops in each region, with not too encouraging results. It's no longer going to be that way. WCRS-Ball, the agency which is now part of the UK consortium EWDB, will be handling the airline's Rs 10 crore ad budget from this year. And according to airline sources, the campaign's going to be aggressively different. The idea is to package India for foreign travellers.

Though WCRS-Ball will be handling the show overseas, AI's Indian agency, Hindustan Thompson, will continue to handle the airline's Indian advertising. But AI sources don't rule out a review of the Indian account later. And that's what's led to the grapevine crackle. With Bombay-headquartered Ulka having tied up with EWDB, industry wags are wondering whether HTA can lose the AI account to Ulka.

COKE'S LAST CHANCE?

With the Pepsi Era brandname getting the blackball, Pepsi Foods is in some financial trouble since bottle designs will now have to be redone. Pepsi sources say the total loss (including to bottlers) could be about Rs 3 crores. With the financial institutions too going slow on extending working capital to Pepsi, the company is in a bit of a squeeze.

Meanwhile, the last word hasn't been said about Coke's rejected proposal. Reason: in the letter of rejection, the government has asked Coke to send a response within 21 days if it had anything to say about the rejection. Any bets, Coke hasn't given up?

MUDRA'S DDBN FACTOR

Though Mudra Advertising's low profile CEO A.G. Krishnamurthy strives hard to play it down, his agency's new financial bond with DDB Needham is probably a lot more than what meets the eye. While Krishnamurthy takes pains to explain that the tieup (DDB Needham will buy a 10% stake in Mudra's equity) is mainly for exchanging experiences and knowhow swaps, the New York-headquartered agency has other designs as well.

Many of its global clients also have operations in India. And some of these are heavy spenders on advertising. Consider the big ones: Unilever, Nestle and BSN. While DDB Needham handles a chunk of Unilever accounts in the UK (including Chesebrough Ponds), Nestle is a client in Brazil and parts of Europe. And with BSN now having a stake in Britannia, Mudra (backed by its newly acquired foreign partner) may well jockey for Indian accounts.

The international agency, for one, doesn't seem averse to the idea. Far from it, in fact. Small wonder then that the top bosses of DDB Needham have already begun parleys with Nestle. Given Mudra's grow-grow itch, does all this mean that the Lintases, HTAs, O&Ms *et al* will have to watch out?

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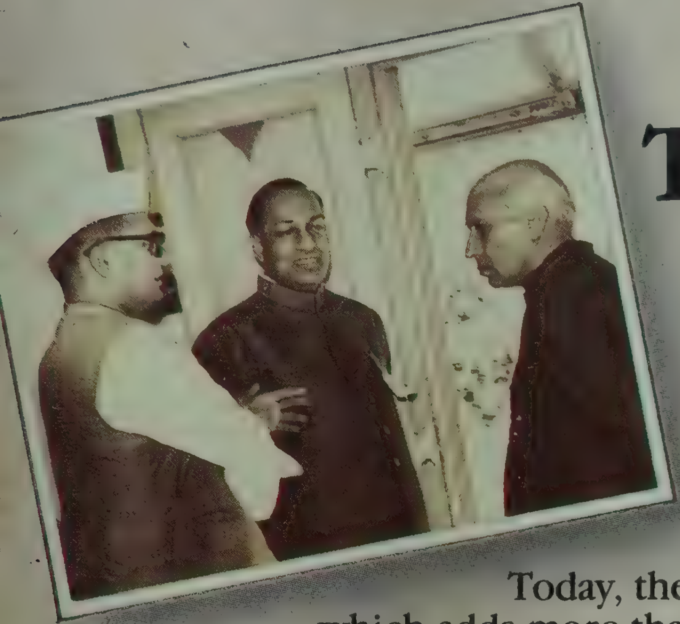


The times of today

The admirable status of the Bajaj Group derives from three generations of men and women unyielding in their belief that principles eventually triumph over circumstances.

These principles, forged at the epicentre of the most turbulent and oppressive decades in the history of India, continue to prove their validity.

Today, the Bajaj Group is a family of over twenty companies which adds more than Rs 15 billion a year to India's GNP and employs 27,000 people. At its head is Ramkrishna Bajaj, Kamalnayan's younger brother.

The flagship of the group is Bajaj Auto. Accounting for over 45% of India's total scooter motorcycle and three-wheeler production. It currently ranks number two in the world in scooters. With over 17,000 employees, Bajaj Auto was the second most profitable major corporation in the private sector in 1986-87.

Bajaj Electricals is a remarkable manifestation of decentralisation. A major lighting and electrical appliances company which, apart from manufacturing electrical lamps, tubes and fans, has devoted enormous time and talent to helping the small-scale sector pioneer local manufacture of a vast range of products, while providing them with quality control standards, a trusted brand name and a nationwide marketing network.

Mukand Iron & Steel has been an historic pace-setter in specialised steel, material handling and steel plant equipment. Processing equipment for giant industries. And a renowned engineering consultancy company, respected for the role it played in developing India's mini-steel plant industry.

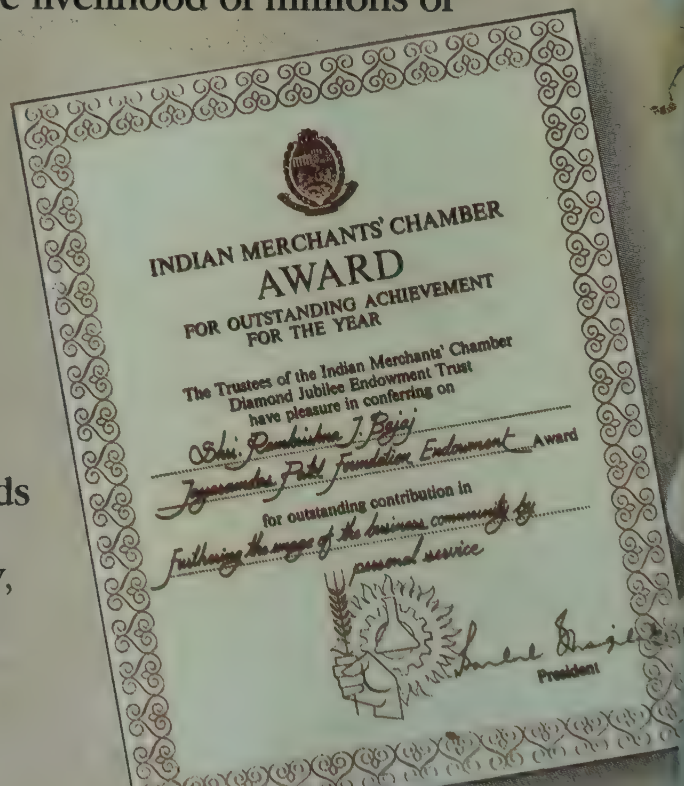
Bajaj Hindustan is a major sugar and cement manufacturer, and has been a pace-setter in a sphere which is critical to the economy and the livelihood of millions of agriculturists.

The list of Bajaj companies, products and services rolls on. Machine tools. Lighting equipment. Ayurvedic medicines and toiletries. Export. Import. Switchgear and instrumentation. Travel. Cotton ginning and pressing. Investments.

With the corporate philosophy it has inherited, the Group, through its charitable trusts, devotes considerable resources to projects and activities committed to the greater good of society.

The Jamnalal Bajaj Foundation gives annual awards for outstanding contributions in the fields of constructive work and rural development. Recently, it added an international award for foreign persons promoting Gandhian values abroad.

The philosophy of its founder Jamnalal, still guides the principles and practices of the Bajaj Group. As *Business India* wrote, "The power and influence of the House of Bajaj is derived not because of its financial muscle but because of the Group's emphasis on moral rectitude and the observance of ethical norms in business dealings."



bajaj auto

THE MAGAZINE FOR INDIAN BUSINESS

9-22 MAY 1990, AN ANANDA BAZAR PUBLICATION RS 7.

BusinessWorld

UNDER THE UNILEVER UMBRELLA

The Unilever group in India is rediscovering its traditional mass marketing strengths. And flagship Hindustan Lever has succeeded in slowing the Nirma juggernaut.

FARM REVOLUTION: A SECOND LOOK

- DCM SPLINTERS' GROWTH ITCH

Swissair Customer Portrait: Harry Singh and family, Industrialist.

For the holidaying Singhs, Swissair's excursion fare is just the ticket for a joy ride. When Harry Singh plans his family vacation, Swissair gets it off to a flying start. At an affordable fare, the Singhs are pampered in true Swissair style. With hot meals served on real china with real cutlery, a wide selection of beverages, a variety of magazines and newspapers as well as 8-channel stereo entertainment from classical to jazz to pop. So whether you're going to Europe or the Far East, Swissair's excursion fare, as Harry Singh and family would tell you, is just the right beginning for a memorable vacation.

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BUSINESS QUOTES

- **Do you want me to show my cards to my opponents while I play the game? I will hold them close to my chest.**
  National Dairy Development Board chairman V. Kurien on why he is unwilling to disclose his oil and oilseeds strategy, quoted in *The Economic Times*.

- **My age is my worst liability. Indians cannot stomach the fact that a 34-year-old is running a company this size.**
  UB group chief Vijay Mallya, quoted in *The Asian Wall Street Journal*.

- **I am still very restless ... maturity is still far away.**
  71-year-old chairman of Tisco Russi Mody, quoted in *Business Standard*.

- **A situation where you have uncontrolled price fluctuations in the stockmarket drives away people to other forms of investment.**
  UTI chief S.A. Dave, quoted in *Sunday Mail*.

- **UTI (Unit Trust of India) was meant for small investors; now it behaves like a rich man's club.**
  Former UTI chief G.S. Patel, quoted in *The Sunday Observer*.

- **(Lack of competition) has only led to a premium on inefficiency. We cannot continue such a policy.**
  Industries minister Ajit Singh, quoted in *The Telegraph*.

- **There is a total lack of discipline among the workforce. We're being held to ransom in every conceivable way.**
  Industrialist Gaur Hari Singhania on the work ethic in India, quoted in *Sunday*.

- **Instead of wasting time over a proxy war, the compromise would conserve resources for constructive purposes.**
  Bombay stock exchange president G.B. Desai on the Larsen & Toubro settlement, quoted in *Indian Express*.

- **We are now planning to reorient our agriculture research priorities to meet the new challenges. There will be greater emphasis on horticulture, forestry, livestock and fish farming.**
  Agriculture minister Devi Lal, quoted in *Business Standard*.

- **MBAs are real people too. We're not bloodsuckers, and we're not all money-hungry.**
  Fresh MBA from the University of Washington Linda S. Pawson, quoted in *International BusinessWeek*.

- **We don't have to turn into Samurai or ants. But we do have to learn how to do a lot of things right.**
  US R&D expert Ralph Gomory on how to cope with the Japanese challenge, quoted in *Fortune International*.

BusinessWorld

IN THIS ISSUE

IN THIS ISSUE

WHITHER INDIAN AGRICULTURE?

SPECTRUM

ALL SHADES OF GREEN

There are two views about India's green revolution. One that it's worked wonders, barring minor blips. The second states that agricultural prosperity has been regional and has bypassed many. The truth lies somewhere in-between.

▪ PAGE 46

IN THE NEWS

MAN OF STEEL

From West Germany came Willy Korf, hawking a cheaper way to make steel. The Tatas opted for it, and will be marketing the technology in the country through a new company.

KORF FINDS A CUSTOMER

▪ PAGE 26

OSWAL'S AGGRO APPROACH

Another Oswal — Ashok Oswal, chairman of Oswal Spinning & Weaving — is looking to hit the big time. On the anvil is diversification into agro-based industries and steel.

OSWAL SPINS DIVERSIFICATION PLANS

▪ PAGE 26

WHAT'S IN AN AWARD?

Winning awards for professional excellence has become a habit for Lila Poonawalla, the managing director of the Pune-based engineering company Alfa-Laval.

AWARDS GALORE FOR POONAWALLA

▪ PAGE 27

BURNT PRESTIGE

The folks at the recently fire-struck Hotel Oberoi Towers are on an image-salvaging binge, what with rumours running rife. And leading the exercise is the hotel's general manager, Anil Madhok.

MADHOK'S MAKING AMENDS

▪ PAGE 28

KAMAT'S GAMUT

Joining the card club is the Rs 50 crore Kamats chain of restaurants with its Kamats Club. The facilities offered are quite a plateful.

▪ PAGE 28

A UNIQUE ENTREPRENEUR

B.D. Bhaiya, MD of the Calcutta-headquartered Chemcrown group, has the knack of taking over sick units and turning them around.

▪ PAGE 29

OTHER PAGES

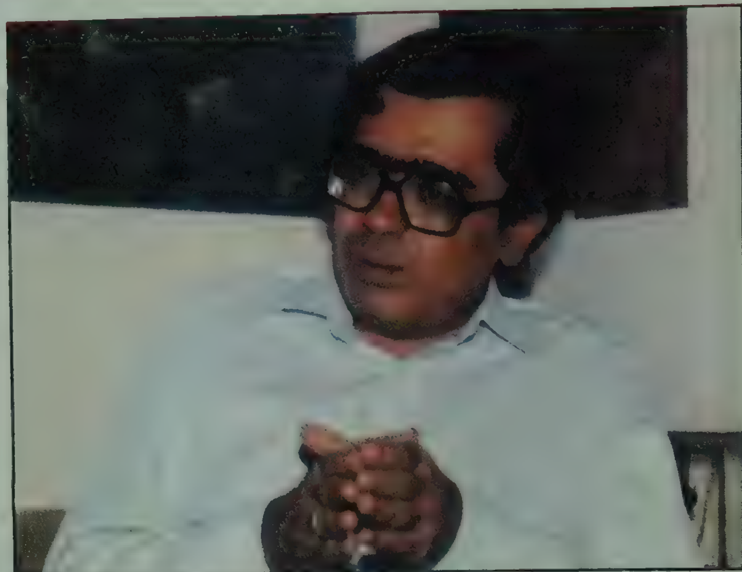
Cover design by Kiran Parker

Indian Market Research Bureau (IMRB), the market research wing of ad agency Hindustan Thompson Associates, has not been making waves these days: while others of its ilk were hitting the headlines with election surveys, it stayed away from the limelight.

But general manager Ramesh Thadani is losing no sleep over that. "Business is booming," he says. "We are growing at 30% each year and expect to maintain the pace."

Thadani has also taken in his stride the claims by other research agencies (and there are a lot of them making such claims) that they are now the topdogs. "It is curious that the business of market research agencies is to find out facts and figures about other people's business," he says. "But, at the same time, they are unwilling to give out authentic figures about their own turnover."

He expects there to be some change when the planned Market Research Society of India takes off. "That will prove our status," he says. In the meantime, would some market research agency be willing to do some market research on market research agencies?



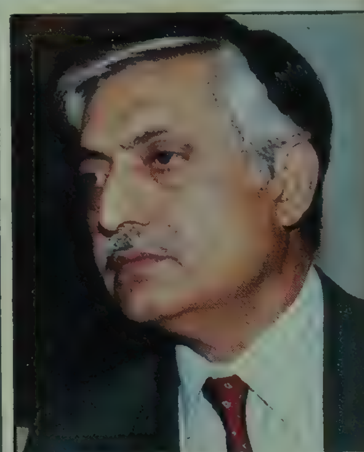
THADANI IS STILL TOPDOG

Indian Seamless Metal Tubes managing director B.R. Taneja seems to know where he is going in the basic business of the company. But he also seems less than sure about possible diversification plans.

The company will be spending about Rs 40 crores soon on a capacity expansion project which will take its installed output from 30,000 tonnes per annum (tpa) to 50,000 tpa. Also coming up soon will be a massive Rs 120 crore backward integration project into steel rounds.

But Taneja has other plans which he is being rather cagey about. These apparently include setting up a finance company, a venture into hotels and making gliders. "No, no," he says. "We have not decided on any of those things. We have quite a lot on our plate at the moment."

Why, then, are some of his executives all full of such plans? "In business, you always have to look out for opportunities," he says blandly. "But that could be just loud thinking." With such a diversity of areas being spoken about, Indian Seamless executives are surely thinking overtime these days.



TANEJA IS EXPANDING, NOT EXPANSIVE

Thanks to Promise and Babool toothpastes, Balsara Hygiene Products chairman and managing director Aspi Balsara still enjoys a reputation as a giant-killer in the Indian marketplace. So where is his next killing going to be?

Not here, at least not immediately. Though Balsara has plans up his sleeve ("We have a full-fledged lab working on new products"), he is currently eyeing exports in a big way.

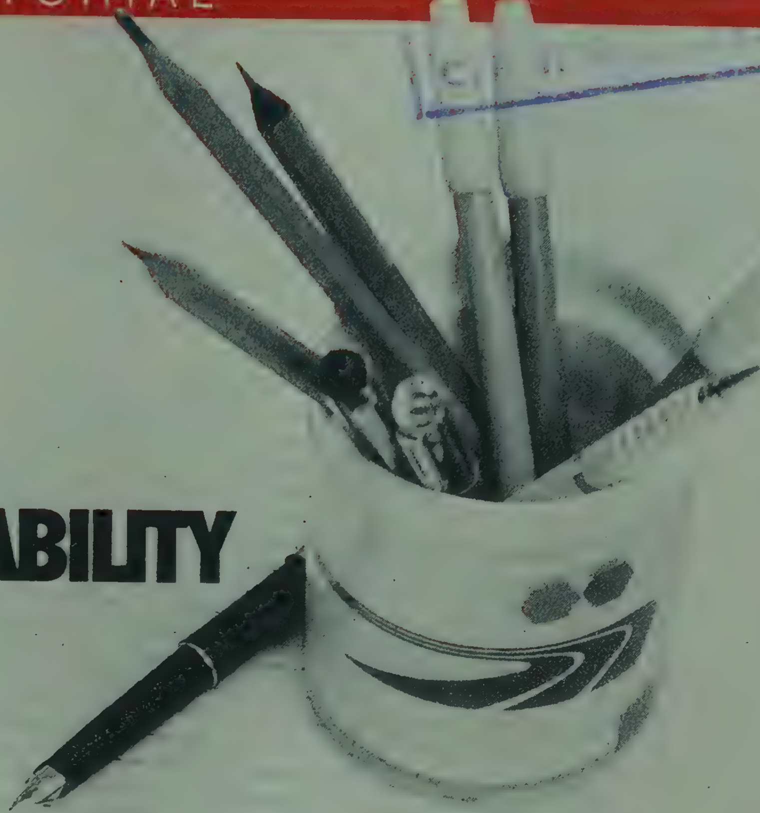
Balsara has already a substantial export presence; in fact, part of the reason for Promise's success was a major USSR order, the money from which was pumped into advertising the product at home. But he thinks there is even more scope now.

"There is a growing awareness in the west about the value of ayurvedic products," he says. "Today, we are exporting toothpaste to the US. In fact, much of our export income will soon be coming from hard currency areas."

What are the surprises he is planning to spring on the home market? "Wait and see," he says with a smile. "They wouldn't be surprises if I told you, would they?"

BALSARA HAS EXPORTS ON MIND

14 MAY 1990



THE ACCOUNTABILITY ASPECT

The maiden expansion last fortnight of V.P. Singh's four-month-old government has been an utterly humdrum affair. With one exception: the unceremonious removal of the communications portfolio from the broad shoulders of K.P. Unnikrishnan.

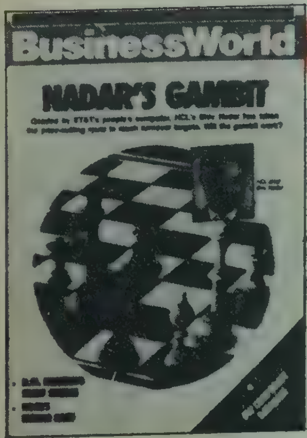
At one stroke, Singh has cut the Gordian knot to end the high-profile and unseemly tussle between Unnikrishnan and his entrepreneur turned homespun technocrat secretary Sam Pitroda. In a series of apparently well-planned manoeuvres, the minister was seen to be moving rapidly towards completing the funeral rites of both Pitroda's career in India and of the Centre for Development of Telematics (C-DoT), his handmaiden. One hopes the witch-hunt will now cease.

In India's over-regulated work environment, it is the easiest of jobs to pillory individuals for the alleged non-observance of prescribed procedures. This is also the dumbest form of enquiry, since the relevance or applicability of the procedures is not questioned but only deviations from these. The assumption that deviations must be *mala fide* by definition can hardly be valid, especially when the project involves keeping pace with obsolescing technology.

To be fair, Unnikrishnan has rightly stressed the accountability aspect. Yet the issue has been addled on the basic question of whether this accountability is for procedure or performance. The answer lies in one's perception: clerks would tend to opt for the former and managers for the latter.

Half a decade ago, Pitroda had had the (foolhardy?) guts to take on a project and promise time-bound delivery against great odds. True, there have been overruns. But it must be granted that in terms of motivation and dedication, the C-DoT team is an oasis in a public sector setup riddled with numerous case histories of abject non-performance. It is a pity that our self-appointed votaries of accountability are not prepared to act against a vast swathe of non-performers, many of whose inefficiencies are costing the nation dear in cash and/or foreign exchange terms.

It is not our business to be apologists for any individual. But arbitrary value judgments we cannot support. If Pitroda is incompetent, establish it and by all means sack him. If he is corrupt, prove it and jail him. One hopes the new communications minister Janeshwar Mishra will go by merit rather than by lobbyists' harangues in tackling the Pitroda non-issue.



LETTERS TO THE EDITOR

THE FACTS

Apropos your cover story 'Nadar's gambit' (*BW* 14-27 March, 1990), while thanking *BW* for the little good said about Hindustan Computers Ltd (HCL), please note *BW* says,'HCL's exports are expected to be Rs 45 crores; an entire consignment was rejected on grounds of quality.'

Fact: HCL's exports are barely Rs 3 crores. There has been no rejection at all.

BW: With sales marking time, it (PC strategy) has failed. Magnum mini has lacked fizz.

Fact: PC sales have already crossed the 9,000 mark, with Magnum minis crossing the 500 mark in nine months.

BW: Critics are surprised about HCL introducing the Magnum RISC when the older model is doing well.

Fact: That's saying no company should bring out new models if the existing products are doing well.

BW: The joke in the industry is that if HCL manages to retain for more than two years, he has probably been taken for a ride.

Fact: Our employee turnover rate is 12% in a mobile industry where the average is 16%.

BW: What makes him (Nadar) so upbeat when everyone feels that the price cuts are provoked by sluggish sales?

Fact: In every division and product segment, sales were higher in the first nine months of 1989-90 compared to the previous 12-month period.

All's well at HCL and the growth trend continues. Let the facts speak for themselves.

P.S. Vishwanathan
Director
HCL.
New Delhi

George Skaria replies:
(1) In his interview, Shiv Nadar clearly mentioned that exports are expected to increase to Rs 47 crores. At a later stage, he said that "Rs 16 crores of total exports are expected to be hardware. This, however, is no breakthrough." The implication clearly is that the hardware potential is enormous. The Rs 3 crore figure indicated by Vishwanathan is no doubt correct, but we reaffirm that Nadar mentioned Rs 47 crores.

(2) Our contention is not that HCL didn't sell 9,000 PCs or whatever, but that sales have fallen short of HCL's own internal targets. Hence the price gambit. As for the Magnums lacking fizz, the reference was to their sales in the US. Nadar himself told us in the interview that he had told HCL people "not to expect anything dramatic (in the US)." As for the RISC-based Magnum, HCL is certainly entitled to its point of view. Some sections of the industry may not agree that changes should have been introduced in a long-gestation product (the Magnum) so soon.

(3) As for the joke about the employee turnover, perhaps it is a case of overreaction.

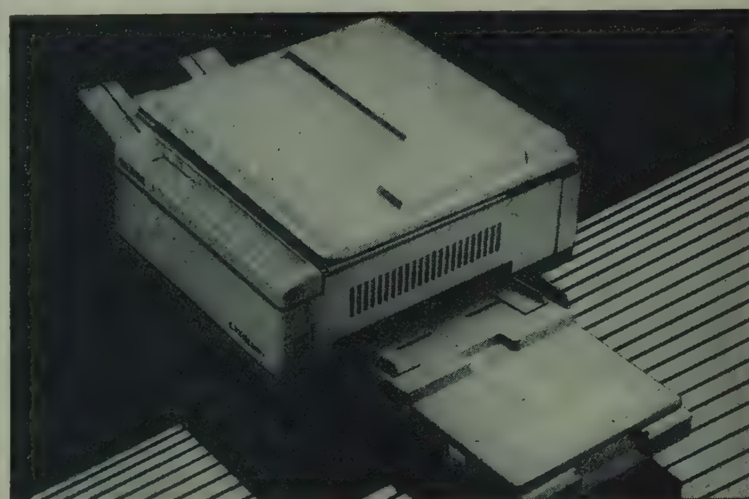
(4) The basic point is, Nadar gave us a frank and sincere interview which may be at variance with what the company's PR men may want bruited about. Barring some minor errors, we stand by the basic thrust of our story.

SATISFACTORY

This refers to 'Nadar's gambit' (*BW* 14-27 March). We have been using an HCL computer since 1982. Due to prompt after-sales service, we have upgraded our system with the latest HCL computer. We still receive prompt after-sales service and maintenance.

Nadar has rightly said," The proof of the pudding is in the eating."

R. Halder
Dy. EDP manager
Jessop & Co Ltd.
Calcutta


THE PROOF IS IN AFTER-SALES SERVICE

CHALLENGE

The cover 'Nadar's gambit' (*BW* 14-27 March) is one of the best examples of how the author can conclude by seeing the orange sun as dusk. While I do not want to refute the article point by point, I do not see anything wrong in HCL trying to maintain its leading edge.

Being a professional in the industry for 15 years, with four of them spent at HCL, I would like to challenge the statement that if a professional stays in HCL for more than two years he has probably been taken for a ride. Accountabilty at HCL is higher than most Indian companies.

Instead of gunning for HCL because of its success, it should be treated as an example of how a company has put through a successful business strategy.

Suresh Aswani
Senior manager (software)
HCL.
Delhi

UNNECESSARY LAURELS

This refers to 'Nadar's gambit' (*BW* 14-27 March). Being a customer of HCL, I feel that recently HCL has been lauded unnecessarily about its excellence in after-sales service etc.

I have been facing problems for the last one year after buying an HCL copier. Letters to Shiv Nadar have been ignored.

Hence, please do not get overwhelmed by what HCL does. It is high time that they behaved more honestly towards the customer rather than singing their own praises.

Hemal Kampani
Calcutta

COOKED UP

'Nadar's gambit' (*BW* 14-27 March) seems full of cooked-up facts. It states that a major consignment of HCL PCs has been rejected by the USSR on grounds of quality. Let alone a consignment, not even a single piece has been rejected by the USSR till date on any grounds whatsoever.

It is puzzling as to why *BW* has not verified facts.

Shiv Raj Bist
Noida

BEST ISSUE?

The issue (*BW* 14-27 March) must be the best issue I have come across in my four years of being a reader. The main reason: *BW* seems to have hired it-

WHO HIRED WHOM?

self for a fortnight to Mudra Communications Ltd., Interact including.

Anyway, hats off to Mudra for this coup. Hope the articles were not contributed by Mudra!

Keep it up and let the sky not be the limit. A regular feature on market research would be welcome.

P.K. Raghunathan,
Hongkong Bank,
Madras

VESTED INTERESTS

Your 14-27 March issue had more ads than any of your previous issues. Interestingly all of them seem to have been created by Mudra and its subsidiary Interact. The only ad not done by Mudra was the *BW* ad.

Has Mudra been provided special rates for bulk ads? Or is it that Ambani's Mudra has some vested interests in *BW*?

Parminder Singh
Calcutta

Not guilty — Editor

ERROR

I was surprised to read the personal finance item(*BW* 14-27 March). It says Rs 13,000 can be claimed as deduction under s.80 CC.

The author might have forgotten that the maximum deduction is only Rs 10,000. Besides, how does one repay the company loans? Please clarify.

V.J. Kamath
Bangalore

Similar letters have been recieved from various readers. Raghu Palat replies: "There is a slight error in the assumptions. The actual deduction limit available under s.80 CC is indeed Rs 10,000 and so the calculations have to be adjusted accordingly. But the basic premise stands. Secondly, the company loans can be repaid when the deposits mature.

ASHAMED

The article 'B.M. Khaitan's silent strides' (*BW* 14-27 March) was rather surprising. After his takeover of McLeod Russel, Makum and Namdang, he has continously bled the companies. Their balance-sheets as on 30 September 1988, and the unaudited half-yearly results for March to September 1989 of Khaitan companies, when compared with those of Goodricke or Assam Company, will reveal the bleeding.

I am ashamed of the ethical standards of *BW* which carries such articles.

N. Sankaran
Madras

SELLING CELLS

It is rightly pointed out in the article 'Leaking batteries'(*BW* 14-27 March) that though India is advanced technologically in various fields, it is yet to produce a battery that does not leak and spoil costly gadgets. Repeated pleas to manufacturers have been of no avail.

One solution would be to make it compulsory for battery manufacturers to print the date of manufacture, with shelf life also mentioned.

S.M. Annam
Secunderabad

LITERATE IGNORANTS

The management item 'Degrees for sale' (*BW* 14- 27 March) was a real eye-opener. The author has successfully highlighted the hollowness of a whole range of foreign degrees. But what about their Indian counterparts?

Students are often given the impression that institutes are all-India bodies run by professionals. Very rarely are facts divulged on whether the institutes concerned are recognised by the government/statutory bodies. Enhanced job opportunities are promised covertly. Sadly, no forum exists to protect literate ignorants.

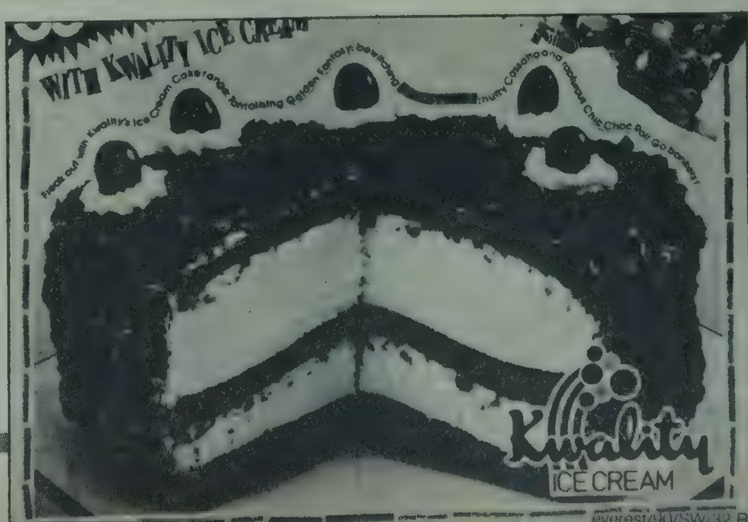
V.P. Singh
Manager
Hindustan Copper Ltd.
Bihar

DOMINATING

This is with reference to the article 'Emerging from deep-freeze'(*BW* 14-27 March). Not just Milkfood, but also Kwality (Calcutta, Bombay and Delhi) are far outside small-scale industry limits. Go Cool even had a public issue. Though the ice-cream industry as a sector falls in the small-scale category, these companies dominate.

F.M. Pinto,
Bombay

THE BIG SMALL-SCALE BITE



COLD WARS

Airconditioner manufacturers will have to keep their cool this summer thanks to the intensity of competition generated by new players in the marketplace.

The big daddies like Voltas and Fedders Lloyd are being threatened by upstarts like Videocon, Onida and BPL. First off the mark was the devil which got its due by entering into a marketing tieup with AC maker Carrier Aircon. The agreement will give Onida access to the basic unit, the design of which the company will modify slightly.

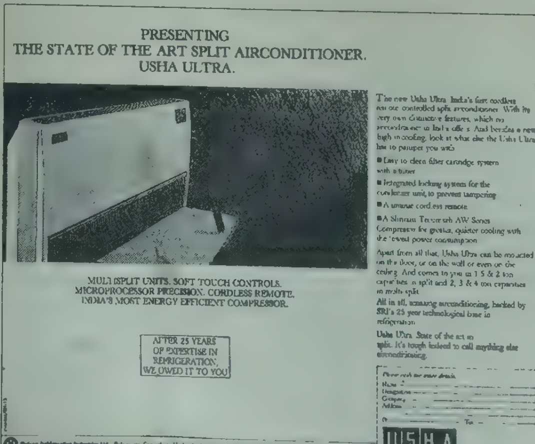
The tieup helps them both; for Onida it provides a quick backdoor entry and for Carrier Aircon it can push its slow-moving products under the popular Onida brandname. The product, launched in March, jostled for shelf-space at retail points in Delhi, Chandigarh, Calcutta, Ahmedabad and Indore. "The initial response was good. We will make our presence felt in the market. We are pricing our products lower than that of Voltas and Fedders Lloyd, but on a par with our collaborator," says Madhukar Rao, senior product manager, Onida.

The lower price tag will be an added incentive. Besides, it will be concentrating only on institutional sales and will be happy to grab a moderate 5% of the market. Videocon, however, has bigger ambitions. It aims to corner a 30% market share in the first year itself. "The Indian AC market has had no change in technology in the past 20 years. We will give customers a machine they deserve," says N.Gupta, general manager (marketing) of Videocon.

For this the company has a technical collaboration with Matsushita of Japan which markets their technically superior National AC worldwide. Gupta claims: "This is the first AC in India to introduce rotary compressors, which significantly eliminate noise." Other added features include uniform air circulation, easily washable filters, and the ability to perform in desert conditions with no support of water. Videocon will concentrate on the most popular 1.5 tonne (price: around Rs 30,000) window-type segment and has launched its product in the five metros and some principal towns. Meanwhile, BPL, although it has confirmed its entry into the AC arena, has refused to break the ice with the press.

The hi-tech entry of the trio has prompted others too to brush up their products. For example, Shriram Refrigeration Industries' AC marketed under the household Usha brandname, has introduced new features like cordless remote controlled split and multisplit ACs.

With the Indian AC market growing at 15% per annum, the demand is just about being met. Add to it a major threat from the small scale sector and imports. Will the established companies be able to ward off the competition from both sides? This season will decide which is the coolest one.



A SMALL SUCCESS

The Madras-based Enfield India's gambit of opening up a whole new two-wheeler market between the moped and the cycle with the launch of the dimunitive Mofa appears to be paying off, at least in the Tamil Nadu market. In a way, it is history repeating itself: the moped was introduced in the early seventies to fill the price gap between the motorcycle and the cycle; Mofa is now filling another big price gap which has developed between the moped and the cycle.

Other manufacturers seem to have woken up to this potentially vast market. TVS Suzuki has apparently developed a 34cc two-wheeler which it will be hawking for around Rs 4,900 and Kinetic Honda has a 30cc machine (the same as the Mofa) which will be priced around Rs 5,000. However, Mofa still has the edge with a Rs 3,370 tag.


MOFA IS ATTRACTING ME-TOOS

Enfield, however, is still treading cautiously. Current output is just 1,500 bikes a month and the market is still Tamil Nadu (Andhra Pradesh is the next state in line). However, hopes are high. In three years, Enfield expects to be churning out 3 lakh Mofas per annum. Considering that the target is not the 5 lakh moped market but the vast bicycle market, demand could be even higher. That may explain why other manufacturers are going in for today's hottest wheels.

MAINSTREAM ENTERPRISE

Mainstream's three whizkids — Rajan Nair, M. Raghunath and Sunil Mahadik who broke away from Enterprise Advertising to set up their own shop sometime back — have managed to wean away an account which could have gone Enterprise's way.

Vadilal's Dairy Fresh ice-cream account has landed in the trio's laps. (Enterprise, incidentally, handles all other Vadilal products.) In billings it is a small Rs 15 lakhs, but the Mainstream trio has proved a point. Says Mohan Mahapatra, general manager, marketing, Vadilal Industries, "We've always been interested in having a separate agency, so we've given the account to Mainstream."

Nair, Raghunath and Mahadik are also handling a "corporate assignment" for Great Eastern Shipping which was initially with Enterprise. They have also managed to bag about eight clients. Says Raghunath, "We expect to close the year 1990-91 with billings of Rs 1 crore from business at hand."

HARDSELLING WHITE CEMENT

Marketing cement is big business these days. Thanks to the glut in the market, what was once a commodity needs hard sell.

If cement needs hard sell, white cement requires even more. "There's over-capacity in the white cement industry and margins are under pressure," says Indian Rayon president Anand Rathi. "Also, white cement costs two-and-a-half times as much as grey cement."

Rathi, who is hawking Indian Rayon's white cement styled Birla White, has been trying a lot of innovations. For starters, he began selling it in 1 kg packs. Currently, he is positioning it as a substitute for lime whitewash and for use as innovative wall coatings. He has also set up teams to blitzkrieg around the country selling the new uses to architects, builders, distributors and end-users. As part of the road shows, Rathi's teams are using the video-on-wheels popularised during the elections. This is basically a giant video screen mounted on a vehicle on which are shown the many useful attributes of white cement.

With Nihon Nirman kicking off a white cement plant soon and JK White already in the market, Rathi will have to pull out all the stops if he is to take Birla White anywhere near breakeven. Will all his new efforts help him to cement success?

BIG IS BEST?

At the Ad Club function this year Hindustan Thompson Associates (HTA) boss Mike Khanna and Lintas supremo Alyque Padamsee publicly hugged and made up. So one should not expect another round of controversy over which is the largest agency. But, thanks to a survey by Marg Marketing and Research group, one can get some sort of a handle on which is the most respected agency.

The survey was conducted in December 1989 and covers an all-India sample of 364 advertisers. And the findings?

Both Padamsee and Khanna have reason to feel pleased. Asked to select the best agency, 22% of the sample put Lintas on top and another 22% opted for HTA. But Lintas has a slight edge. 53% of the respondents ranked it in the first three while, in the case of HTA, it was only 48%.

For the third spot, too, there was a close fight with Mudra and Ogilvy & Mather (O&M) each winning 9% of the vote as the top agency. Mudra, however, romped ahead with 26% ranking it in the top three while the figure for O&M was 25%.

The also-rans in that order were Trikaya, Clarion, Rediffusion, Everest, Enterprise, R.K. Swamy, DaCunha, Avenues, Chaitra, Contract and Ulka.

On the different parameters on which the agencies were judged, Lintas led in creative ability, media clout (for media other than Doordarshan), innovativeness and originality, professional approach and good value for money. HTA topped in consistent advertising standards, media-planning skills and advertising relevant to the marketplace. Mudra headed the charts in clout with Doordarshan and handling sponsored programmes.

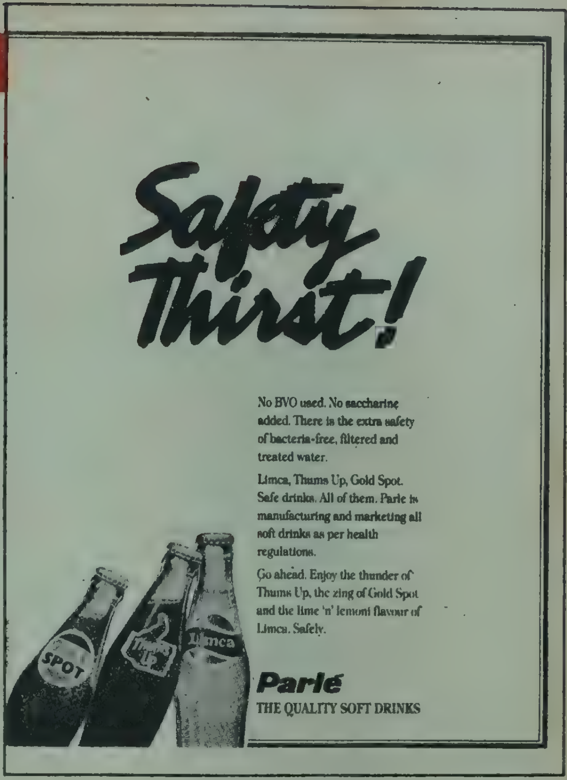
Incidentally, Trikaya and Enterprise, both rated highly for their creativity, came only third and seventh respectively in creative ability. Sheer size does pay at times, it seems.

BIG BOYS GO SOFT

A lot of smoke without a fire? That's what the whole BVO (brominated vegetable oil) caper seems to have turned out to be.

Some time back most soft drink manufacturers seemed to be in a tizzy over the government's instructions that they stop using BVO (a suspected carcinogen) in their products. Eventually, on the plea that the substitute for BVO had yet to get the government's okay, they managed to delay implementation of the order.

Now, however, as the order has come into force from early April, everyone is claiming innocence. Practically all the big boys —Thums Up, Gold Spot, Limca, Lipton's Tree Top, Duke's Mangola, Lemonade and Tango and Sprint to name a few — have released ads claiming that their products are totally free of BVO. The government, in its wisdom, has not thought it fit to publish a list of the offending drinks. If, as the manufacturers now claim, there are none around, why all the fuss anyway?



STEALING AN ASTRAL LAUNCH

Hindustan Lever is trying to tie up all ends of the soaps and detergents market. Though most of its recent launches have been line-extensions, normally with the new or improved tag, it has tried an entirely different tack with Astral premium toilet soap.

Astral, which is currently being test-marketed in Hyderabad, is very upmarket. It is priced at Rs 10 per cake, which makes it the most expensive soap in the country bar Johnson's baby soap. Astral comes in two colours in a sealed plastic container which is expected to do duty as a soap case. Unfortunately, the case is too flimsy to fill in this role.

Astral is obviously not expecting volumes. However, it is early days yet to say whether it will find the niche it is looking for. At all events it has stolen a march over the upmarket brands which Procter & Gamble and others are planning to flag off soon.

MISSING THE BUS

The Ad Club awards this time had no winner in the most prestigious category —the campaign of the year award. As mentioned earlier in these columns, Tips and Toes bagged the runner-up spot. But did no campaign really measure up?

According to the proverbial informed sources, this was not the case. It seems that the Titan Watches' campaign for its Aqura range was all set to bag the top honours. It fell foul of the judges and missed the accolade because the entry forms had not been filled up properly. Who said the advertising world is an informal place without any redtape?

BON BORN AGAIN

Kwality's Bon Bon has done a phoenix. Almost a quarter century later. When it was launched around 1965 it had hardly melted any hearts. But now with some pep in its marketing, the reborn Bon Bon, in just two months, has reached a position other Kwality products took years to achieve.

Surprising. For the product has hardly changed, but for the packaging. The drab pack of fives priced at Rs 3 earlier has given way to a singles pouch pack at Rs 2. Also on offer is a gift pack of Rs 20 (for tens). "Bon Bon created a niche for itself. Targetted at the lowest priced segment it attracted not only ice-cream lovers, but also those of chocolates and chewing gums," says R.N. Deshpande, marketing manager of Kwality Frozen Foods Pvt. Ltd.

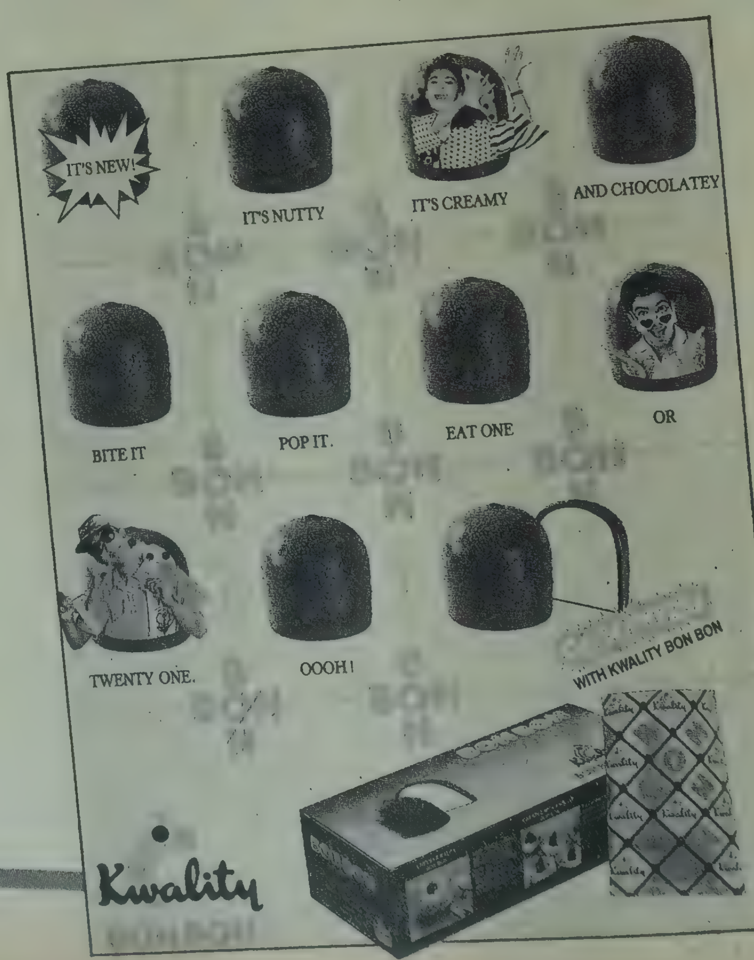
Bon Bon's instant hit, however, was no fluke. Extensive market research did precede the 26 February relaunch and the company is concentrating on selected markets — Maharashtra, Goa, Karnataka, Madhya Pradesh and Andhra Pradesh. This implies that Kwality turned a Nelson's eye to market research preceding the earlier launch. Disagrees Deshpande: "The primary reason behind the withdrawal of the brand was that we were not able to achieve volumes, as the product then was solely handmade." Today Kwality's fully-mechanised Pune unit scoops away an hourly 8,000 pieces.

Aside from the research there was some amount of gut feel which led to Bon Bon being salvaged from the deep freeze. The gut feel had earlier led to a blind product testing which showed that Bon Bon was perceived to be an imported product. The bullet-shaped ice-cream with a chocolate covering and a nut inside found mass appeal. While the singles pouch helped access to the piggy banks, the gift or family pack found institutional sales as well. "The dual strategy worked. Both are now contributing equally to the sales," claims Deshpande.

The success of the strategy was also due to street-smart advertising, mainly outdoor and point-of-purchase (PoP). The timing of the support was also perfect. "We launched the 'Go Bonkers' ad campaign in October to lend thrust to our speciality products. Bon Bon was also marketed on the same theme," says Deshpande. All these cost Kwality about Rs 15 lakhs, and the campaign is still to run its course for the current year.

Kwality is not going to rest on its cones. It has plans to scoop more success out of Bon Bon's goodwill, by introducing more flavours shortly. Hints Deshpande: "We have more plans. Having tied up the lower segment of the market we will now move to the upper segment."

Will Kwality be able to lure the top-end of the market? The quality-obsessed Kwality hopes it can. A few weeks from now will decide.



HIGH-TECH PR

For hi-tech companies in an overcrowded and competitive market, a saving angel could be public relations. For it is through PR that companies can create a distinct image for themselves and their products

In the last few years, public relations (PR) and communication has gained importance in the high-technology industry of the United States. Previously, public relations was an afterthought: if a company had the resources, it would set up an internal PR department or employ an outside consultant. Today, that is no more the case. As the high-tech market becomes more competitive, companies are constantly seeking the counsel of PR specialists to provide inputs for the development of product introduction strategies and to implement marketing plans.

As Indian companies move into the high-tech arena and start competing on a global basis, they will be up against the PR might of US, European and Japanese companies. To be successful, Indian hardware and software companies will need to know how and when to use PR for the benefit of their product and company.

The Indian high-tech market is itself booming and could soon resemble the US industry today. In this scenario, PR will play a critical role. PR firms could spring up in the major cities to offer companies consultancy on product marketing strategies and plans. If this is the case, it would be wise to look at what the US has accomplished in the field of PR and determine what is most relevant and applicable to the Indian scenario.

CREATING AN IMAGE

For most high-tech companies in the US, PR is a tool used to create a particular image or perception in the marketplace for both the company and its products. An image or perception is best created through product introductions. A good example of this is the launch of Apple Computer's Macintosh personal computer in 1984. Apple's PR campaign focused on how different the new Macintosh was from traditional IBM machines. The Macintosh was positioned as the "computer for the rest of us" and Apple made sure this message was heard by the computer industry and customers through an extensive PR campaign.

To ensure the success of a product launch, two of the most important elements to be considered are a clearly-defined product-introduction strategy and strong media relations.

Product-introduction strategy: Once a high-tech company in the United States has decided that a product will enter the market, it sets about defining a product-introduction strategy. Smart companies include their PR counsel in these strategy meetings, during which, the product team discusses the technology, potential customers and its vision of where the product fits in the market. The PR counsel takes these inputs and add their knowledge of the outside market. After discussions with various members of the product team, the PR men come up with a product-introduction strategy through which the company's product is best positioned in the market. This can often be a long drawn out process as the product team and PR counsel grapple with what is best for the product from both the company and market viewpoints.

When Motorola was ready to announce its latest microprocessor, the 68040, the company involved its external PR counsel in several early strategy meetings. After many discussions, the PR counsel determined that given the 68040's high performance, the best way to introduce the chip was to make sure it was positioned above its main rival Intel's 80486 as well as some Risc chips. Risc (reduced instruction set computing) chips are the fastest available in the commercial market today. The positioning was crucial to the success of the 68040, both in the minds of present and future customers.

A poorly-thought out product marketing strategy can backfire on a company. After the huge success of Lotus 1-2-3, many software companies thought they could provide spreadsheet programs that were faster and more functional than Lotus. Unfortunately, these companies failed to see that Lotus dominated the market and to push their products in it would be futile. Once a market is saturated, it is best to carve out a different niche for a new product.

Most of all, a product-introduction strategy must be credible. A company should not lie or misrepresent a product in the market. This kind of attitude may initially help the company gain exposure in the market but in the long run it undermines customer confidence, which will result in low sales and decreased company revenue. A smart PR counsel will ensure that a company is not misrepresenting its products and will force the company to rethink its strategy before launching the product.

Media relations: The most crucial part of any product introduction is the dissemination of information to the media. All over the world, the power of the media is increasing and no company can expect to successfully launch a product if the media is not on its side. In fact, media relations has gained so much importance in the US today that top business schools, such as Harvard and Northwestern, are offering classes on the topic.

Most PR counsel are judged on their ability to generate a lot of good press for a company's product. Hence, PR

counsel spend a significant portion of their time developing relationships with the media. The media includes numerous business publications, computer magazines, radio and television reporters and market and financial analysts. A company's PR counsel must make sure that all these aspects of the media are covered for a product's introduction. This could involve setting up individual meetings between the press and company executives or holding a large press conference when the product is introduced. Regardless of how a product is introduced, a formal introduction date must be set, which is the day that a company makes public all product information.

HUGE INTRODUCTION

A press conference is usually recommended when a company needs to make a statement about its product. For instance, when Steven Jobs, founder of Apple Computer Inc., announced his new company, NeXT Inc.'s first computer, he held a large press conference at a symphony hall in San Francisco. The hall was chosen to demonstrate the audio capabilities of his new computer, a first in the computer industry. The conference was attended by close to 500 press people, analysts and potential customers, and was broadcast on several television and radio stations in November 1988. Jobs needed to make a statement about his company and the product — hence the big introduction. Press conferences are usually very costly and companies should carefully evaluate all options before determining that a conference is the best solution to introduce a product.

When HCL Ltd. entered the US market, it used PR rather effectively by speaking to American business and the computer press for several days

There are cheaper alternatives. For example, individual press meetings with key people in the media are often quite effective in introducing a product. The one-to-one time with reporters allows a company to send messages to each individual publication. They also give the reporter quality time with the presidents and managing directors of a company which would be difficult during a large press conference.

Individual press meetings give a company as much, if not more, coverage than a press conference. Unfortunately, high-tech companies in the US have landed themselves in a rut of hosting large press conferences to introduce products whether they are needed or not. Going back to the 68040 example, Motorola's PR counsel felt it was best to introduce the chip via one-to-one meetings with the press instead of hosting a costly introduction event. This method of introducing the product was highly successful as the company received extensive coverage at a fraction of the cost of an event. Of course, individual meetings mean that company executives must spend a significant amount of time with the media but, in the long run, this helps the company and its relationships with the media.

When HCL (Hindustan Computers Ltd.) entered the US market, the company with its local PR counsel spent several days talking with American business and the computer press about its products. However, Indian companies do not have to do this only in the United States. Even in India, when a company is ready to announce a product it should make it a point to discuss it with the press. The proliferation of the print media in India makes it ideal for companies to discuss their products with reporters so that the information may be disseminated to a broad audience.

MARKET ANALYSTS

In addition to the press, analysts play a crucial role in launching a product in the United States. Market analyst firms, such as Dataquest, are used as industry sources by the press. Thus, before a company talks to the press about its products, it holds meetings with analysts. This is mainly done because the press asks analysts for their opinions when they are writing articles about the product. As analysts are highly knowledgeable about the market and respected in the industry, they are frequently quoted as industry gurus in these articles. By discussing the product with analysts prior to talking with the press, a company can be assured that the analysts will be aware of the new product. Every time California-based Sun Microsystems, manufacturer of workstations, announces a new product, it talks to market analysts first before meeting with the press. Also, market analysts are consultants to large companies that could be potential customers of the new product.

Financial analysts are also important in the US because of their influence on Wall Street. Strict regulations are followed in disclosing products to financial analysts as they can affect the stock of a company or a competitor.

Market and financial analysts are not yet too relevant to India today. However, as India moves towards becoming a strong force in the high-tech market, they will gain importance. A few market analyst firms in the US are already following the Indian high-tech market. It could only be a short while before these US houses move analysts to India or indigenous analyst firms emerge.

On the global front, Indian companies will need to hire outside PR counsel, in addition to their internal PR resources, to succeed in different countries. HCL of India, Bull of France, Philips of Netherlands, and Fujitsu of Japan have all hired American public relations agencies to ensure visibility for their companies and products. American companies have also formed PR alliances in Europe and the Far East to serve the same purpose.

As established Indian companies continue growing in the high-tech arena, as newer companies emerge and as more foreign companies enter the market, competition in the Indian high-tech industry will dramatically increase. Companies will fight to gain a share of the high-tech market, as companies in the US are doing today. In this situation, PR will gain greater importance as it will help companies differentiate themselves and their products to ultimately succeed in the marketplace.

■ *Shernaz Daver*

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THE HI-TECH STRUCTURE

Going hi-tech is inevitable in today's context. And the need for new ventures to be insulated from mature products in an established business group is now well accepted (see Coping with high-tech, *BW* 11-24 April, 1990 p.14). However, merely setting up an independent outfit does not mean success will automatically follow.

Hi-tech operations, by their very nature, require different kinds of management systems — particularly in regard to management of funds, people and operations. Many companies getting into such areas fall into the trap of assuming that management-related assumptions and systems for established operations are appropriate for hi-tech operations too.

Starting off with systems first, many companies assume that hi-tech products can be sold on the basis of established marketing systems. Basically, it is assumed that one first conducts a market study to ascertain the volume of demand, and customer preferences and expectations relating to the product. Then one decides on pricing, product specification, positioning and distribution.

It is important first to understand the basic properties, specifications and capabilities of new products. It is then necessary to expose it to a large number of *potential* customers in different markets and fields. If application engineering support is provided in this context, the potential customer may come to realise the usefulness of the product much better, particularly if he becomes convinced that it is a better input in terms of final product, cost, quality, properties and specifications. People so convinced usually prove to be very significant and enduring customers.

Established marketing systems are often inappropriate for selling hi-tech products. Basic properties and specifications of new products have first to be understood

Management pundit Peter Drucker mentions that Du Pont never thought of automobile tyres as a major application for the new nylon fibre which the company had developed. When one of the tyre manufacturers showed interest in trying out nylon, Du Pont set up a plant. And tyres later became nylon's biggest and most profitable market.

Drucker goes on to add:

"Above all, the people who are running a new venture need to spend time outside: in the marketplace, with customers and with their own salesmen, looking and listening. The new venture needs to build in systematic practices to remind itself that a 'product' or a service is defined by the customer, not by the producer. It needs to work continuously on challenging itself in respect to the utility and value that its products or services contribute to customers."

The Indian experience of several entrepreneurs in the newer polymer and plastics area amply supports the Drucker hypothesis. Most new hi-tech ventures require more time before they become financially viable than most people think. (Financial viability in this context is best thought of as "net cash generation" capability.) The only certain thing is that the project will be strapped for cash all the time. Such shortages have many causes — continuing need for high priced equipment, large amounts of cash outflow on account of high cost establishment charges, high salaried technocrats and scientists and lack of adequate cash inflows due to uncertain and low sales volume (and, in the early years, no sales volume).

It is perhaps cynical for a banker to proceed on the basis that in respect of all hi-tech operations, bills will have to be paid 60 days earlier than expected and receivables will come 60 days later. Nonetheless, it is eminently sensible to build cash flow forecasting, liquidity planning and control systems, and cashflow reporting from the very beginning so that the needs of capital expenditure funds as well as ongoing establishment and working capital funds are clearly established and understood from the initial period.

If one knows the amount of cash needed on the basis of "worst scenario" projections, one will not be forced to close down operations when one discovers that there is no cash in the kitty. The initial projection of cash-flows, including funds for capital expenditure, needs to be rolled every month by setting forecasts for cash requirement during the next month, next three months and next six months. Such a rolling cash-flow projection will be of value and benefit only if the milestone events like requirements of plant, people, and material are firmed up in terms of specific timing of their occurrence.

The Boston Consulting Group was perhaps the agency which identified this with the greatest clarity, when in its product portfolio matrix, the stars and the question mark products were clearly identified as high technology based new products which would require a great deal of funding support. Unfortunately, not all groups have an adequate number of cash cows (more often than not, they have cash guzzling dogs!) They usually come to grief when no surplus cash for investment in the new ventures are available from operations of established products in the business group.

The remedy, therefore, is to have a funds planning system which continuously focuses on long-term cash needs — initially as forecasts and, subsequently, on a rolling cash-flow estimate. A significant part of hi-tech operations' management relates to managing cash — a truth which dawns on most technocrat-entrepreneurs

only when the system runs dry!

Budgeting for hi-tech based new ventures is often extremely ineffective for the simple reason that it is based on the operational characteristics of "stable product" operations. Since much of the budgeting initially relates to putting development funds into new projects which require technology absorption, assimilation, documentation, translation (in production terms) and identification of new supplier sourcing, it is extremely unlikely that everything can be cut and dried.

Tried and tested technologies often fall flat on their face in newer locations. It takes a lot of time for operations to be debugged. The lesson that most planning and control systems designers for technology-based activities are learning is that uncertainties need to be dealt with by clearly identifying the *milestone events* associated with the activity. Not only is it important to define such milestone activity with the greatest degree of precision and clarity but it is also important to identify prior events which must be "made to happen," if the milestone timing is to be achieved on the due date. A budgeting system for technology-based or R&D-related activity, therefore, needs each project to be defined in terms of distinctive modules, which are marked at the end by a specific milestone event identification, and prior events which will lead to the milestone event "happening," the likely timing of and resource allocation to the supportive activities leading to the milestone event as well as the timing of the milestone event itself. It is only after such analysis that it is possible to budget funds for the project, distributed in terms of discrete components marked by milestone events.

A significant part of hi-tech operations' management relates to managing cash — a truth which dawns on most technocrat-entrepreneurs only when the system runs dry!

It will be apparent that activity timing, planning and evaluation of the indicators leading to the successful completion of the milestone events are the guts of a technology-based budgeting system. What follows for control purposes is not so much the comparison of actual expenditure to budgeted expenditure but the timing and the state of completion of the activities, and planning for the subsequent milestone events and supportive activities. In fact, one of the major control parameters in this context is the need for reviewing the probabilities of success at the time of reviewing performance at each milestone event and aborting — particularly at the preliminary and intermediate stages — if the probabilities of success are abysmally low. The time factor, thus, is more important in the budgeting exercise than funds.

The key skill in reviewing the performance of such a project is to evaluate the probabilities of success and making decisions relating to continuing (or aborting) the project based on three basic questions:

- What is the probability of success as determined at the current stage?
- What is the estimated time to complete the project successfully?
- What are the estimated requirements of funds if the project is to be continued in spite of the slippages and what would be the likely payout if fresh funds are invested?

The major problem in operations relating to technology-based ventures in the initial stages is the inability to differentiate between production and development. The developmental stage is fraught with many anxieties and concerns. Any attempt to push the production-based processes and systems at that stage can only lead to a totally negative outcome. Many of the operations in the initial stage do not have the continuing rhythm which marks ongoing production operations which are fairly clear-cut because of prior experience and knowledge. Trial, experimentation, modification and debugging — which are essentially one-time exercises — do not have the comfort of such levels of certainty.

What is extremely important in this connection is that support must be provided to the product development team. It must be ensured that the team does not generate negative motivation arising out of a feeling of isolation from the mainstream of activities. Also important in this connection is to associate the development team in production process formulation, selection of suppliers, development of ancillaries, determination of layout, selection of equipment, and specification of production processes and sequences. This will make them feel a part of the mainstream operations. The other important consideration in this connection is to constantly support the team-work method so that individual manager's insecurities and anxieties are nullified.

There are several methods by which the operations can be supported by people outside the mainstream of operations. The traditional board of directors composed of marketing, finance and legal experts is of very little help in this area. It is very useful and valuable to constitute a group of project advisers who have experience in technological, scientific and project implementation terms. Such a group could act as the "bouncing off" mechanism for new ideas, innovations, experiments and trials leading to considerable improvement in the morale of the project team. In this sense, the group of project advisers becomes the executive management team associated with most hi-tech based manufacturing and marketing operations in the initial stage.

Finally, it is extremely important to prevent organisational politics from creeping into the operations of the new venture. Often the scientists, the technocrats and the engineers are hired at higher salaries. Since the new venture often has a long gestation period, it is subject to considerable flak. Such politicking is often undertaken with the objective of showing the hi-tech managers their place in the total scheme of things — demonstrating who earns the money (and provides the funds) and, therefore, "wears the pants" in the set-up. In a business group where new ventures with long periods of gestation are facts of life, it is the professional and moral obligation of the members of the top management to ensure that organisational politics do not create caste barriers between profit-earners and loss-makers. Not to do so is equivalent to kissing all hopes of success goodbye.

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NEW SAVINGS SCHEMES

The finance minister has proposed new savings schemes to replace some old ones in his recent budget. Besides, he has introduced an equity-linked savings scheme in the form of a new provision called s. 80 CCB, though the announcement about it was made a year back by the previous finance minister.

Under the new provision, deductions are allowed to individuals, corporate bodies, associations of persons and Hindu undivided families (HUFs) if they invest in units or investment plans framed in accordance with the equity-linked schemes of the Unit Trust of India (UTI) or of mutual funds specified under s.10 of the Income-Tax Act.

The deduction has a ceiling of Rs 10,000, but if the units are sold by the holders, or if the investment plan is terminated, the proceeds are treated as taxable income. Where a HUF is partitioned or an association is dissolved after the deduction has been claimed, the invested amount will be added back to the income.

The budget has not come up with any incentives to encourage savings. The changes are just cosmetic

The Finance Bill also seeks to amend ss.(1) of s.45 to provide that the difference between the purchase price of units and the repurchase price, if any, will be deemed to be the capital gain and taxed accordingly. A new s.194 F also seeks to provide for the deduction of tax at source at the rate of 20% at the time of sale or termination of the equity-linked savings plan by the investor. These amendments take effect from 1 April 1991 and will thus be effective from the assessment year 1991-92.

RAISING LIMIT

Under the existing provisions of s.80CCA of the Income-Tax Act, deduction is allowed in respect of deposits made under the National Savings Scheme (NSS) and payments made towards notified annuity plans of the Life Insurance Corporation (LIC). The deduction is provided on the whole of the amount so deposited or paid upto a limit of Rs 30,000 in a year (Rs 20,000 for the assessment year 1988-89). This limit is now proposed to be raised to Rs 40,000 with effect from the assessment year 1991-92.

Further, under the existing provisions of s.80CCA of the Income-Tax Act, when any amount standing to the credit of an assessee under the NSS is withdrawn, it is deemed to be the income in the year of withdrawal.

Similarly, amounts received on account of the surrender of a policy or as annuity or bonus in accordance with the annuity plans of the LIC are also deemed to be the income of an assessee in the year of receipt. With a view to ensuring that such amounts, when withdrawn or received by the assessee, are taxed, the Bill seeks to insert a new ss.(3) in s.80CCA to treat these amounts as income.

Under the existing provisions of s.80C, the tax incentive to promote savings takes the form of a deduction in respect of the whole or part of the funds invested or deposited in life insurance policies, deferred annuity policies, provident funds, superannuation funds, etc. The deduction permissible is at the rate of 100% on savings up to Rs 6,000, at 50% on the next Rs 6,000 and at 40% on the balance. The maximum amount eligible for deduction is Rs 40,000.

Under the existing scheme of s.80C, a person gets tax relief at the higher marginal rate of tax applicable to him. Accordingly, it confers a bigger tax incentive to a person with a higher income compared to one with a lower income. With a view to removing this imbalance, it is proposed to replace the existing provisions of s.80C by a new provision in s.88. Under the new provision, an assessee will be entitled to a deduction of 20% of the amount invested or deposited in life insurance policies, provident funds, superannuation funds etc., from the tax payable by him on his total income. The maximum rebate allowable is Rs 10,000.

A similar thing has been done to s.80CC benefits, which allow a 50% deduction in respect of investment in eligible issues of equity capital or units issued under any scheme of a mutual fund or the Unit Trust of India if the amount mobilised under the scheme is invested only in eligible issues of capital.

The total amount of investment qualifying for deduction under this section is restricted to Rs 20,000 per year, the maximum amount of deduction being Rs 10,000. In order to take the benefit of this deduction, a person has to continue to hold the shares for a minimum period of three years. The tax concession under this provision is available only in respect of eligible public issues made before 1 April 1990. The existing scheme of s.80CC is being replaced with a new s.88A to provide for a tax rebate calculated at the rate of 20% of the investment in eligible issues of capital or units. The maximum amount of investment eligible for tax rebate has been proposed at Rs 25,000.

The old scheme of s.80CC, now incorporated in the new s.88A, will lapse after 31 March 1991. The new provision also provides: (1) That the money mobilised under schemes of mutual funds or the UTI can be invested in such government securities as may be approved by their respective boards; and (2) that the tax concession under the new s.88A will not be available to any scheme floated by any mutual fund or the UTI if the subscription to it closes after 30 September 1990.

Overall, the point to note about all these savings schemes is that the changes are cosmetic in nature. No fresh incentive has been given for savings apart from the increase in the limit of deduction under s.80CCA from Rs 30,000 to Rs 40,000.

■ *H.P. Ranina*

The author is a Bombay-based advocate.

WANTED: AMBASSADORS

It is estimated that more than 20,000 of India's professional elite attend over 10,000 conferences worldwide every year.

Are you one of them?

We need you as an Ambassador.
We need you to go beyond the role of a delegate, to a dignitary.

To present India as the 'Conference Destination of the 90s'.

To bag the next conference at the next international meet you attend, and make India the prestigious venue.

The Booming Conference Business.

Over 33,000 conferences are held around the world every year and generate an incredible $ 104 billion in revenue.

India's share is minuscule. We host around 170 annually.

Imagine the opportunities and the pivotal role you can play in attracting this immensely prestigious, booming business to India?

FOR INDIA.

India—Destination of the 90s.

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There's a growing realisation that India is much more than a tourist destination.
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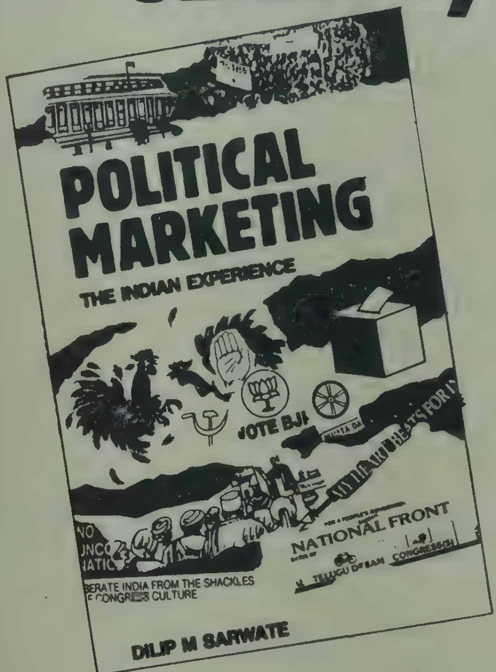
SELLING, NOT MARKETING



(By Dilip M. Sarwate; published by Tata McGraw-Hill Publishing Co. New Delhi; pp.206).

Politics, they say, makes for strange bedfellows. When politics and publication go hand-in-hand, they can sure come up with some eerie offspring.

Political Marketing: The Indian Experience is definitely not run of the mill. What is perhaps most remarkable about it is the speed at which it was produced. The second half of the book is a case study on the 1989 parliamentary elections and the fact that 100 pages could be drummed up on it in so brief a period says much of the author's prolificity.

Of course, much of the contents seems familiar. With reason. There are large doses of stuff lifted from magazines and newspapers (with grateful acknowledgements). But then, that was possibly the only way to get the pages to tot up to a respectable figure.

That's not really a drawback, actually. The author has done a fairly competent job in selection and he has been quite successful in putting matters in perspective.

Key poser. But there are still some question marks over the key poser he puts: can political parties and candidates be launched like consumer products?

Ask any Indian politician that and he will still probably answer with an unqualified 'no'. His experience of things hi-tech and advanced marketing techniques has not been particularly encouraging. Besides, that was perceived as the forte of Rajiv Gandhi and his computer boys and look how they went and fell flat on their faces.

But, sans the jargon, what does political marketing really mean? Is it not, in sum, just what is being done at present without its formal title and trappings?

Let us take a look at some of the key components of marketing and see whether they apply in the political (in this particular case limited to elections) arena.

Take market segmentation. Every election in India to date has been replete with considerations of vote banks, caste equations, the Hindu vote, the Muslim vote and what have you. Candidates address themselves to specific segments. In other words, segmentation is something which has always existed.

Consider positioning. Individual candidates may not have achieved that to any great extent, but parties have definitely been trying to find a place in the mind of the voting public. The manifestos made much of by all political parties are manifest indication of that.

The book is definitely not run of the mill. Though much of the contents seem familiar — large doses of stuff lifted from magazines and newspapers — the author has done a fairly competent job in putting matters in perspective

Some other components have surfaced of late. Since the Congress (I) advertising blitz of 1984 and the repeat performance in 1989 (estimated expenditure: Rs 1 crore a day), advertising has come to be recognised as a key input in the election process. Simultaneously, market research has also come of age: in the 1989 hustings most parties of any respectable size engaged research agencies to conduct private polls. The media, of course, chipped in with more elaborate (and remarkably accurate) surveys.

Actually all the components of the marketing mix appear to be there. So has political marketing, like consumer marketing, become a formal discipline?

The difference. No. And the reason is that as far as politics is concerned the exercise is still one of selling and not marketing. The difference, as the author points out quoting from Philip Kotler, is that "Selling focusses on the needs of the seller, marketing on the needs of the buyer." The average Indian politician still looks upon himself as God's gift to mankind; he is least interested in what the voting public actually wants. The process may have got more sophisticated; vote banks are manipulated today using a computerised edge. But unless the basic defect is remedied, marketing can never come to be in political firmament.

Thus, all said and done, one has to disagree with the author's conclusion that political parties are veering around to the marketing concept. At best they have barely reached the selling stage and there are still miles to go before they change their mindset.

Besides, there is another quantum jump required before they reach where they should be — an even more consumer caring approach styled societal marketing. Till then, books such as these are useful for adorning the shelves but have limited relevance to ground realities.

■ *Parthasarathi Swami*

AWARDS

■ **HTA** won the ITC-organised business quiz, Acumen, in a keenly contested final at Bangalore on 31 March. Britannia and O&M were the runners up.

NEW SERVICES

■ India's largest public STD/ISD facility opened in Bangalore's Harsha Hotel complex. It has 10 phone lines and is open all 24 hours. The facility is being operated by **Infotak Automation Pvt. Ltd.**, which has plans to open more such booths in Bangalore on a franchise basis. The centre is equipped with microprocessor-based metering equipment.

■ The state public sector **Mysore Lamp Works Ltd.** has signed an agreement with Premier Electrical Industries Pvt. Ltd. of Nepal for transfer of lamp-making technology. The Kathmandu-based plant was expected to go commercial this year. Mysore Lamps will help erect, commission and operate the plant, reckoned to cost Rs 2 crores.

■ The public sector **Bharat Electronics Ltd.** will be setting up, for the first time, a Rs 30 crore, 100% export-oriented joint venture to manufacture second-generation image intensifier tubes and other hi-tech electro-optical products.

EVENTS

■ **The forum of Asian Managers** has organised a Managerial GRID Seminar for top and senior managers from 14-18 May at Lonavla, near Bombay. For further details contact: Forum of Asian Managers, C/o. Indian Rayon & Industries Ltd., 107 Jolly Maker Chamber No.2, Nariman Point, Bombay 400 021.

■ **Informatics (India) Pvt. Ltd.** has organised a one-day seminar on "Database production and distribution technology for the nineties" at Bangalore on 18 May. For further details contact: N.V. Sathyanarayana, managing director, Informatics (India) Pvt. Ltd., P.B. No.360, Malleswaram, Bangalore 560 003.

NEWS BRIEFS

■ **S.M. Dyechem** and Karnataka State Industrial Investment & Development Corporation have promoted a joint venture carbon black project in Mangalore costing Rs 45 crores. While S.M. Dyechem will hold 25% of the equity, **KSIIDC** will subscribe to 11% and the remaining will be offered to the public and the financial institutions.

■ **Neoluxe India**, which specialises in decorative laminates, has won the Arch of Europe Gold Star award for international quality.

■ **Tata Honeywell Ltd.** has won a contract worth Rs 10 crores from Indian Oil Corporation for the supply of a Distributed Digital Control System for the Gujarat Hydrocracker and the existing refining complex at Baroda.

■ The new chairman and managing director of **Maruti Udyog**, R.C. Bhargava, says that the company plans to double capacity to 200,000 vehicles per annum. The finance will be met from the foreign exchange earned from exports.

■ The Bombay-based footwear manufacturer, **Consolidated Footwear**, has been subjected to an inquiry by the **MRTP Commission**. The allegation is that the company, which makes the Lotto range of footwear, has misled customers into believing that it has a foreign collaboration. Among the other nine companies under MRTPC probe are Bombay Andhra Transport Corp., Coir Cushion Pvt. Ltd., Swarna Finance & Investment, and Regal Watch Co.

■ **Karsanbhai Patel** of Nirma Chemicals Works is busy readying for another market launch. He plans to launch **Nirmabuoy**, targeted to compete against low-priced Lifebuoy and OK brand toilet soaps. He is also reported to be perfecting a superior quality spray-dried washing powder to take on Lever's Surf.

■ **Kudremukh Iron Ore Co.**'s exports in 1988-89 went up 50% to touch Rs 175 crores. Exports were 5.35 million tonnes, including 2 million tonnes of pellets for blast furnace and direct reduction use.

■ Vinay Bharat Ram, senior managing director of **DCM Ltd.**, is on the takeover track. He has identified real estate development and allied areas as thrust areas.

■ The Nuclear Power Corporation plans to go to the capital market to raise over Rs 400 crores to **finance** its ongoing and proposed nuclear projects.

■ The houses of the **Birlas** and the **Khaitans** have offered to promote two major projects — newsprint and magnesite — in Tamil Nadu involving Rs 900 crores.

■ UB group's private air charter venture, **UB Air**, is taking off in May with just two aircraft and a Chetak helicopter. Damages per flying hour: around $2,000.

■ **Rashtriya Chemicals & Fertilisers** is diversifying into hi-tech electronics with an investment of about Rs 200 crores.

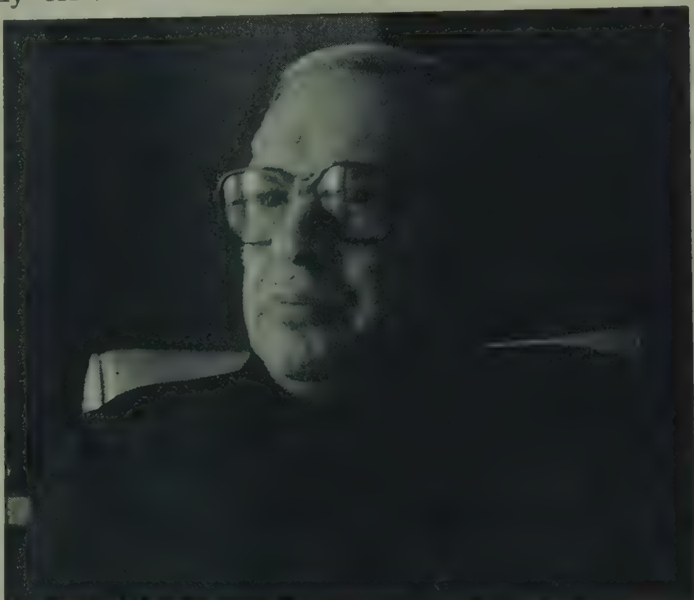
■ **Digital Equipment (India) Ltd.** has tied up with Instrumentation Ltd. for mutual marketing of their products to core sector industries.

■ **Maschinenfabrik Polygraph (India) Ltd.** has tied up with Solna Offset AB, Sweden, to manufacture the Streamline Series of sheetfed offset printing machines. These machines offer fully electronic press control systems, perfecting, alcohol dampening, etc.

STEALING THE SHOW

These are propitious times for Tata Steel, both the largest and most respected private sector company in India. Going by the 1989-90 production and sales volume, it is almost a certainty that Tata Steel will retain its position as No.1 in size: indeed, it is slated to break through the Rs 2,000 crores per annum milestone in turnover.

The sun is shining brightly for chairman Russi Mody, who was voted last year as India's most respected chief executive. "The year under review once again saw a number of records in all operational areas from raw materials to finished steel and its marketing," he exults.


MODY HAS HAD A GOOD YEAR

High motivation. Mody legitimately prides himself on the high motivation levels of Tata Steel's workers and managers. And the performance statistics just unveiled show that they have not let him down. Although sales recorded a marginal drop of 41,000 tonnes, shopfloor output in several spheres peaked during 1989-90. These include saleable steel production (1.913 million tonnes), tested steel production (89.35%) and bearings production (4.212 million).

What took the cake, though, was Tata Steel's splendid export performance. Three years ago, when the company began exporting, its tally had been a modest Rs 4 crores. Last year, the exports' score had moved up to Rs 92.5 crores. This time, the increase has been asymptotic, topping the Rs 146 crore mark. Of this, Rs 85 crores came from steel and engineering exports, Rs 45 crores from ferro-alloys exports and the rest from commodities, mainly coffee.

Says Mody: "This year, I'm happiest about our export performance. In spite of substantial imports of coal and other capital equipment, Tata Steel has consolidated its position as one of the few net exporters in the country."

If the tempo is kept up — and executive director Aditya Kashyap, who is in overall charge of exports, is confident that it will be — Tata Steel will qualify itself next year for star trading house status. An innovative feature of the 1990-93 Exim policy, star status is to be awarded only to those companies which have recorded a net export earning of Rs 75 crores or more for three consecutive years. At the moment, only three companies in India enjoy this status: Tata Exports, J.P. Gokul & Co. (both from Bombay) and Ganapathy Exports (from Calcutta). "In the current year, exports should hit Rs 200 crores, touch wood," says Kashyap.

Modernisation. The export performance apart, one other aspect of Tata Steel's progress about which Mody is pleased is its technology upgradation. "Our recent massive investments in modernisation have led to the installation of several state-of-the-art facilities like a modern raw materials handling yard, a new stamp charging machine at the coke ovens, a high-speed bar and rod mill, a new sinter plant and so on. At the same time, Tata Steel has entered into a number of exciting collaborations with world leaders like Timken, Korf and Thyssen. We have now once again regained the technical leadership of the steel industry in India," he declares. "As a result, the quality and range of our products have been steadily improving and widening."

The elaborate modernisation exercise at Jamshedpur is in its third and final phase now. Among the mega projects under way are included a million tonne capacity, Rs 650-crore hot roll strip mill and a split location cement plant expected to be commissioned in 1993. The total budget for modernisation and expansion of Tata Steel and its numerous smaller associates over the next five years is estimated at a staggering Rs 3,500 crores.

Notes Mody: "We shall be diversifying and growing at an electrifying rate."

At the end of Phase III, Tata Steel's output should increase by half to around 3 million tonnes per annum. It will also be a far more efficient producer of steel, both in terms of output per man-day and energy consumption.

Succession. The company's track record and credibility are so solid that nobody speculates whether the company will match promise with performance. One of the few subjects of speculation — and this, too, is spoken of in whispers rather than aloud — is the succession.

Mody has completed 51 years of service and is pushing 72. Although there is no set retirement age (JRD was well into his eighties when he retired), crystal ball-gazers are forever trying to predict the turn of the sweepstakes.

Lately, conjecture has been fuelled by unconfirmed reports emanating from Delhi that Jamshed Irani, joint managing director of Tata Steel and No.2 in the pecking order after Mody, might be invited to head the Steel Authority of India Ltd. (A precedent exists: in the seventies, Tata Steel director Russi Billimoria had moved to Hindustan Steel as its head.)

Retirement is certainly not one of Mody's favourite topics, and he tends to brush it away with a characteristic wave of his hand. After all, with Tata Steel going great guns, who can quarrel with Mody if he still wants to be around when the company's growth path touches its apogee?

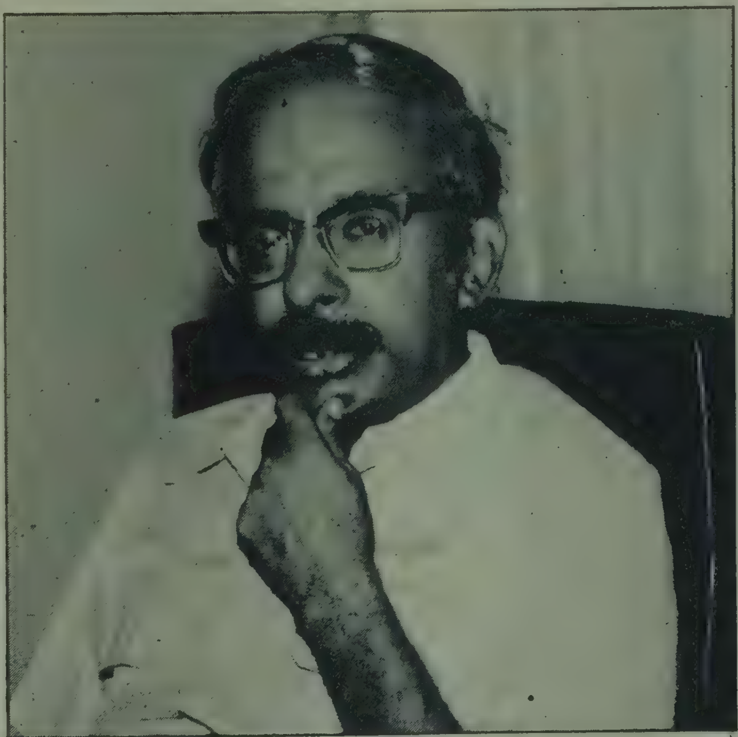
■ *Sujoy Gupta*

MANGALORE CHEMICALS: RCF TO THE RESCUE?

Is the management of the ailing joint sector company Mangalore Chemicals & Fertilizers Ltd. (MCF) changing hands? It isn't certain yet, but there is certainly a move in that direction.

On 2 January, the Karnataka cabinet approved negotiations on proposals submitted by the Bombay-based Rashtriya Chemicals & Fertilizers Ltd. (RCF), a Central sector unit, for the modernisation of MCF. Under the proposals, RCF is to invest about Rs 45 crores on rehabilitating the fertiliser plant in Mangalore which has been incurring losses on account of outdated technology. The financial institutions, which hold 20% of MCF equity, are expected to lend another Rs 60-65 crores.

The proposal involves RCF taking over financial control of MCF with the former acquiring a 51% equity stake in the company. Once the negotiations are complete, the proposal will come back to the Karnataka cabinet for approval, according to state industries minister Veerappa Moily. A decision in principle has been taken about equity participation by RCF, but the Karnataka government, which holds 34% of MCF, is seeking certain guarantees. The state government has set up a committee, headed by the chief secretary, to discuss the proposal with RCF, the financial institutions and the banks.



VENKATESAN HAS GOT THE GO-AHEAD

Queer the pitch. It is anybody's guess whether RCF will ultimately bag MCF given Vijay Mallya's reported move to queer the pitch by putting in a bid himself. But RCF's chairman and managing director R. Venkatesan dismisses the Mallya move as "one more publicity stunt." The RCF bid, on the other hand, has the blessings of both the Centre and the Karnataka government.

The deal makes eminent sense for both MCF and RCF since they have similar product lines: ammonia, urea, diammonium phosphate (DAP) and ammonium carbonate. The RCF proposal envisages a strategy, to be implemented in two phases, for the initial modernisation and subsequent expansion and diversification of MCF for the manufacture of other products such as methanol. In the first phase, RCF will acquire a 46-51% equity stake in MCF and invest Rs 45-50 crores on modernisation and rehabilitation as well as for meeting its working capital needs.

According to state industries secretary B.S. Patil, this investment will be in the form of equity, soft loans and advances. The first phase is expected to be completed in a year's time. Under the second phase, RCF may consider investing another Rs 200-300 crores for expansion and diversification; this phase is expected to be completed within two years.

MCF badly needs both the money and the modernisation. After making a profit two years ago for the first time, it is back in the red with an accumulated loss of about Rs 50 crores this year (1989-90). There were reports some months back that the Chhabrias were building up, through an investment firm, a respectable stake in the company through open market purchases of stock. But now, with the Karnataka government apparently keen on RCF taking a controlling equity stake, the Chhabrias' chances seem to have dimmed.

Thrust down south. A few months back, RCF's Venkatesan said that the formal negotiations with the Karnataka government were limited to discussions about a joint effort by MCF and RCF to improve the latter's operations. He said there was no question of a takeover and if at all the Karnataka government desired RCF to acquire a controlling stake, he would have to consult the central government before taking any decision.

The current position, says Venkatesan, is that both the state and central governments favour a merger/takeover of MCF with RCF. The latter would certainly benefit as the establishment of new fertiliser plants in the north has forced RCF's market share down. This can be compensated somewhat by a thrust down south through an MCF acquisition.

MCF, which had a Rs 224 crore turnover in 1988-89, is equipped to manufacture 2.18 lakh tonnes of ammonia, 3.4 lakh tonnes of urea, 63,500 tonnes of DAP and 3,600 tonnes of ammonium bicarbonate. RCF is five times as big, both in terms of turnover (Rs 1,200 crores) and capacity.

■ *N. Raghavan & Maya Rai Choudhuri*

FROM CHITS TO INDUSTRY

They are a different breed of Shrirams. But in south India, where they are ubiquitous for their chit funds business, they are better known than the mammoth — but splintering — Delhi-based group.

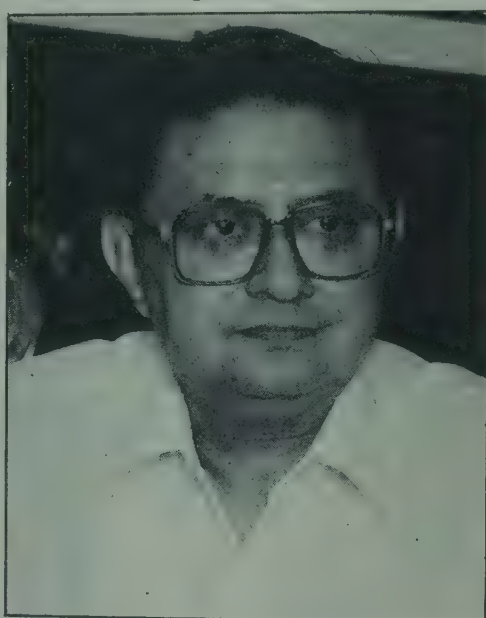
The Madras-based Shriram Chits & Investments, which will be chalking up a turnover of about Rs 180 crores this financial year, is the biggest in the business. But that's only the group's public face. Though chits have been their mainstay, over the years the enormous collections from this business have been channelled judiciously into other avenues. Today the group is as much into chits as hire-purchase finance and investment companies.

And that's not all. The past few years have seen the group make a foray into the auto components industry and agro-processing with the takeover of a few sick units. Though that is straying away from the knitting, group chairman R. Thyagarajan asserts that the Shrirams will continue to look for further avenues of diversification into industry. "The profits of the chit funds business support the risk-taking involved in industrial diversification," he says.

Gameplan. This growth route, Thyagarajan explains, was consciously adopted by the group to neutralise the impact of inflation in returns to shareholders. "Industrial growth will essentially be providing a hedge against inflation or erosion in funds," he says. The group expects the funds pumped into the taken-over units to pay sufficient returns in the long run.

In the Shriram industrial stable are:

- Rambal, a sick company which the Shrirams acquired in 1987. It manufactures precision turned components and fuel-injection assemblies for major commercial vehicle manufacturers in the country. About 25% of production is exported. After the takeover, the Shrirams managed to turn the company around. For the current year Rambal expects to make a profit after tax (PAT) of Rs 40 lakhs on a turnover of Rs 4.75 crores, up from Rs 35 lakhs and Rs 2.57 crores respectively in the previous year. New components like fuel and brake-pipe assemblies have also been identified.
- Hi-Tech Ancillaries is a subsidiary of Shriram Investments, one of the group companies. This makes rubber-moulded components for two- and four-wheelers. Turnover for the current year is expected to be Rs 5 crores with a PAT of Rs 47 lakhs. The management is confident that the turnover will hit Rs 6 crores in 1990-91 with a net profit of Rs 50 lakhs.
- Shriram Agro Industries, a subsidiary of yet another group company Shriram Transport Finance, was taken over as an ailing unit. It processes groundnut and sunflower oil at a plant near Vijayawada (Andhra Pradesh). This too is expected to do well with turnover likely to touch Rs 22 crores and PAT Rs 36 lakhs this year.



RADHAKRISHNAN OPTS FOR INDUSTRY

Apart from these three industrial ventures, the group also acquired Madras Spindles, a textile machinery components unit, last December. With the textile machinery market looking up, this company is a prime candidate to rake in the moolah for the group. As Shriram group director A.N. Radhakrishnan explains, the industrial diversification of the group is planned in such a way that the inherent worth of the shares will go up steadily due to the capital appreciation that industrial investment produces. "We will achieve this objective by acquiring industrial subsidiaries which have a good growth potential." Adds Thyagarajan: "The infrastructure building is over. Now profitability will improve as our investments start yielding results."

Conscious decision. The two frontline companies of the group — Shriram Chits & Investments and Shriram Hire Purchase Finance — have been doing quite well on their own. The group has been almost exclusively in hire-purchase finance to the road transport industry and claims to be the third largest in the country in terms of total funds employed in financing transport operators.

Shriram Chits & Investments' stock-on-hire rose to Rs 25 crores from Rs 17.99 crores and the profit before tax (PBT) to Rs 1.10 crores from Rs 47 lakhs. In the other company, stock-on-hire has risen to Rs 16.75 crores from Rs 9.96 crores and PBT to Rs 51 lakhs from Rs 34 lakhs.

Both companies plan to make issues of convertible debentures, together totalling around Rs 12 crores. As Radhakrishnan points out, a larger equity base is required to secure additional bank credit, more deposits from the public and term loans from institutions. This in turn is expected to aid investments in industry — the Shriram theory of growth.

That has caused some suspicion. But Radhakrishnan pooh-poohs any suggestion of diversion of funds. "It is only after duly satisfying all requirements of company law and other debt-equity and liquidity ratios will we be investing in manufacturing."

Sceptics in the industry, and there are any number of them, feel the Shrirams are spreading themselves thin by diversifying into uncharted areas and that the multiplicity of companies in the group can lead to confused investors. That could be true already: despite a good track record, both the finance companies' shares, which are listed on the Madras stock exchange, are quoted below Rs 20.

But Radhakrishnan has an explanation. "In the south the scrip is not too actively traded. But it is only a matter of shareholder profile. It will undergo a kaleidoscopic change once our shareholder base expands." For now the Shriram group exudes a quiet confidence that it has chosen the right path to growth.

■ *Vinay Kamath*

'BEL'ATED RETURNS

A 30% growth in turnover isn't too bad for anyone. For the public sector Bharat Electronics Ltd. (BEL) it's cause for some rejoicing though a lean order-book may blot the balance-sheet in the current year and the next. Sales turnover in 1989-90 was Rs 645 crores, a slight improvement over the target, and the indications are that the profit before tax will be Rs 42.5 crores.

With orders from the main customer — the defence sector — not quite in line with expectations, BEL is trying to focus attention on meeting the increasing requirements of the department of telecommunications (DoT), All India Radio, Doordarshan and civil aviation. According to chairman and managing director S. Prabhala, with the restoration of the outlay on defence unlikely to translate into more orders for his company, the focus of attention is shifting to DoT.

What's more, a slump in the entertainment electronics market adversely affected BEL's overall sales last year. "We hope to do better this year since entertainment electronics has been spared in the Union budget," says Prabhala.

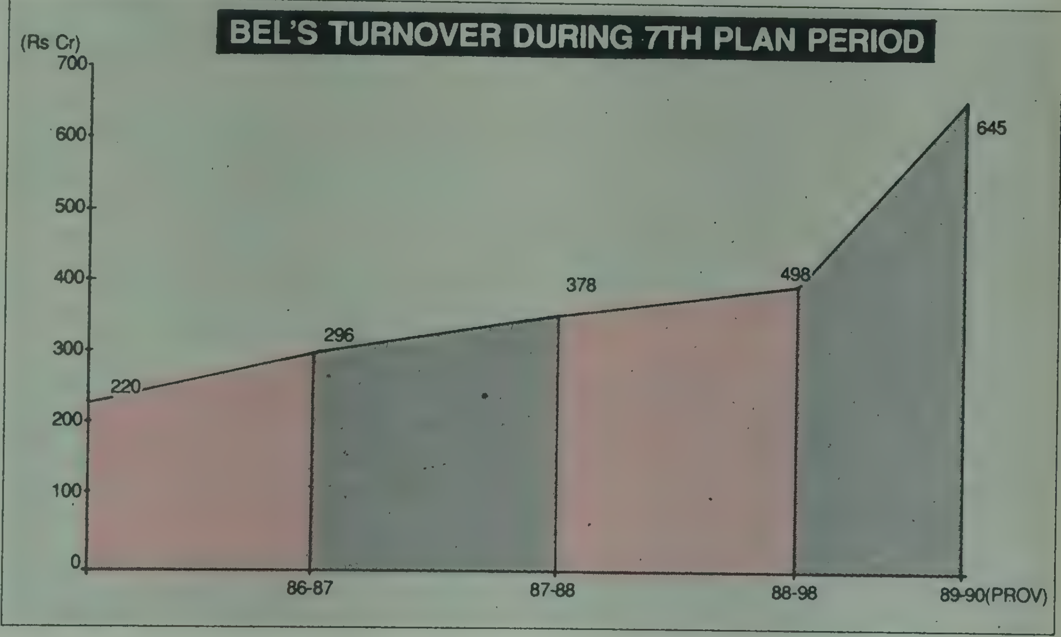
On the plus side, among the more significant recent developments at BEL are:

- Investment of Rs 7.5 crores on an automatic plant for assembling printed circuit boards (PCBs) using robots, integrated circuit (IC) insertion machines and conveyor lines for the mass production of electronic voting machines. The plant is being used for the production of PCBs and an initial order for 5,000 motherboards has been received from ET&T for its low-cost PCs.
- Signing of an agreement with Oldelft Group NV of the Netherlands and its subsidiaries to set up a joint venture in Pune for manufacturing second-generation image intensifier tubes and other hi-tech electro-optical products, exclusively for export. Capital investment: Rs 30 crores.
- Plans to establish a second central research lab at Delhi. Likely investment in the two labs (one in Bangalore) over the first two years: Rs 5 crores.
- Proposal for a joint venture with HMT for growth crystals and circuit boards for quartz watches.
- Entry into export of specialised software such as for automatic testing and graphics-generation packages; memoranda of understanding were signed with US and Singapore companies for the development and marketing of software packages.
- Proposal for the formation of a consortium comprising BEL and other public sector companies to manufacture and supply certain key navigational aids to civilian airports.

According to Prabhala, BEL's efforts in import substitution have yielded Rs 4.12 crores in 1988-89 and indigenisation of capital equipment and process machinery another Rs 1.08 crores. Value-engineering studies, quality-control circles, employee suggestion schemes and energy conservation measures have enabled a degree of savings and cost reduction. The proposed second central research lab, says Prabhala, would help the company anticipate advanced technologies for incorporation into new products. The labs will focus on areas such as signal processing and computers, microelectronics, material sciences and manufacturing technology.

New products. During 1988-89, BEL came out with several new products. Important among them were: ultra-high frequency (UHF) digital radio relay and rural automatic exchanges (RAXs) for DoT, electronic voting machines for the Election Commission, improved sonar and simulators for the navy, electronic warfare equipment for the navy and air force and radars, tank stabiliser systems etc. for the army. The development of some new equipment for military and civil applications has been completed while others are in the pipeline.

On the minus side, a proposal to split the company to enable more streamlined functioning has run into opposition with the union, and for a company of its size and repute, exports in 1988-89 were a modest Rs 16.12 crores out of which Rs 11.15 crores were deemed exports. However, unlike in the past, exports were not restricted to black & white picture tubes and a few other components.



BEL has signed a memorandum of understanding (MoU) with the government under which the latter is supposed to provide support and assistance with enhanced levels of delegated powers to the company in return for the company meeting targets and agreed performance levels. In other words, greater accountability. Whether the MoU has really helped BEL in the year gone by, the second one after it was signed, is not clear.

■ *N. Raghavan*

DCM SPLINTERS AIM HIGH

Divide and drool. With the formal trifurcation of the DCM family effective from 1 April, all three factions of the group have luscious expansion plans on the anvil. Unfettered, all feel they are going to go places. "Now onwards, each will be individually responsible for his unit," says a satisfied Siddharth Shriram.


VINAY BHARAT RAM HAS GOT THE BEST DEAL

After a decade of internecine war, the DCM group has been formally split into four companies (see chart). Two of these go to Bansi Dhar and one each to his cousins Vinay Bharat Ram and Siddharth Shriram.

Upbeat mood. What makes all the cousins particularly upbeat is that they will be able to proceed apace with their plans without the fear of others putting up roadblocks or trying to share the credit for success. That, apparently, is what has been holding up modernisation, expansion and diversification so far. So everybody is big with plans now.

Take, first, Vinay Bharat Ram, who has got the residuary faction — DCM Ltd. — and probably the best deal. The company's entire concentration will be on the redevelopment of the 63 acre plot at the hub of the commercial centre in Delhi, which could fetch the company around Rs 300 crores. The next task would be reinvesting this huge amount into profitable segments. "With Rs 300 crores in hand, we can undertake projects worth Rs 1,000 crores, but I am not in a hurry," says Vinay. For the present, thus, he will be investing around Rs 60 crores for the expansion of current operations.

BANSI DHAR'S MAIN FOCUS IS MODERNISATION


Besides land, Vinay Bharat Ram has got DCM Data Products and a foundry unit. The capacity of the foundry unit is to be expanded from the present 15,000 tonnes per annum (tpa) to 35,000 tpa in two phases involving a capital expenditure of Rs 30 crores. Another Rs 20 crores will go into a unit for the manufacture of integrated circuits. Besides pumping some funds into DCM Toyota, Vinay Bharat Ram is hoping to buy up or merge with companies in related areas.

"No doubt, Vinay is the most cash-rich. But it is because he has decided to encash the historic value of DCM Ltd. This option is also open for us," comments Siddharth who has got Mawana Sugar Mills and Shriram Foods & Fertiliser, with a combined turnover of around Rs 300 crores. He may also encash "the historic value" at a later date utilising the land owned by Shriram Foods, also located at a prime site in the capital.

For the present, Siddharth has plans to become the largest sugar manufacturer in the country. Operating under Shriram Industries Enterprises, Siddharth plans to double the capacity of Mawana Sugar Mills from the present 5,000 tpa. He is also setting up a new plant with a capacity of 5,000 tpa. These projects involve a combined capital outlay of Rs 100 crores.

Expansion plans are on the drawing board in vanaspati. "We have a strong market share in north India, but not elsewhere. In vanaspati, the next task will be to make 'Rath' a national brand." Siddharth has already surveyed some 15 plants in east, west and south India, some of which he may lease or acquire. The capital outlay on this score is expected to be around Rs 30 crores.

Project consultancy is another area where Siddharth wants to make his presence felt. His Shriram Project & Engineering Consultancy Services is expected to become more aggressive in the field of turnkey projects in chemical engineering.

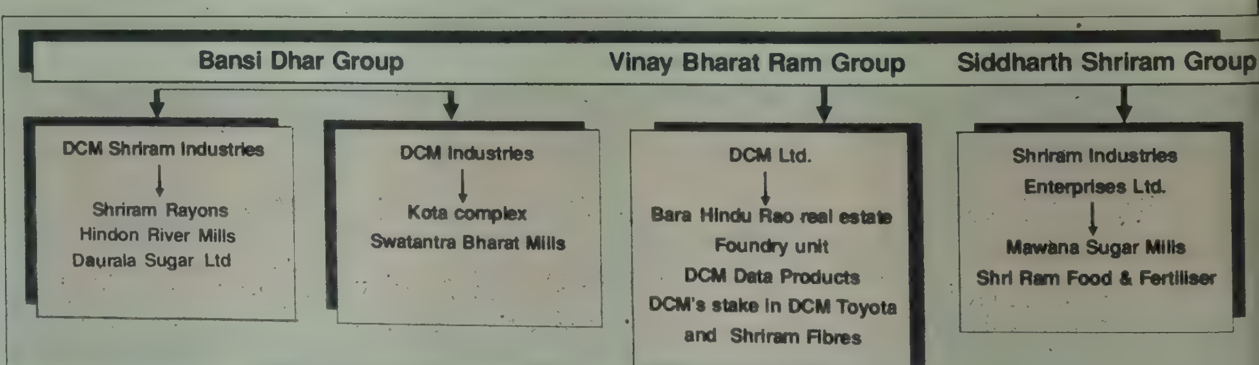
The Bansi Dhar group will be getting two companies — DCM Shriram Industries and DCM Industries. While the former houses a sugar unit, a rayon unit and Hindon River Mills, the latter has in its fold the Kota complex. In addition, there is Swatantra Bharat Mills in Delhi.


SIDDHARTH SHRIRAM HAS SUGARY PLANS

The main thrust in both the companies will be modernisation for which an estimated Rs 700-800 crores will be required in the next four years. "There is a lot of scope in modernising Hindon Mills and the PVC plant," says Bansi Dhar. In the next three to four years, Bansi Dhar has plans to pump in around Rs 250 crores for modernisation and diversification.

That's a lot on everybody's plate and all of it, unfortunately, only on paper as yet. In the past decade of bickering, the DCM group has seen only the occasional plan crystallising. It is left to be seen whether members of a family who could not pull together can pull off their coups alone.

■ *Shashi Shekhar*



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MAN OF STEEL

Ten dollars a second. A startling way to put it, but that's what the country paid during the past financial year for scrap and pig iron im-

KORF OFFERS CHEAPER WAYS TO MAKE STEEL

ports. This is not counting the stupendous foreign exchange spent in importing an additional 2 million tonnes of the finished product — steel. And all this despite India's handsome natural endowments in iron ore, medium quality coal and natural gas.

Willy Korf is horrified. Chairman of the family-owned Korf KG (1989 income: DM 650 million or Rs 747.5 crores) based in Baden-Baden (West Germany), Korf has proprietary rights to "a new way in steelmaking" — the energy optimising furnace (EOF) — which is currently changing steelmaking technology all over the world. Its low energy consumption and operating cost makes it ideal for developing countries," notes Korf, who was in Calcutta recently.

Potential exporter. According to him, the capital cost of a new greenfield site integrated steel plant built as per the traditional concept — totting upto Rs 3,000 crores and beyond, not counting inevitable cost overruns — simply does not allow for a sufficient return on investment. For countries like India where capital is scarce, it is far more worthwhile to take the most economic processes available to modernise existing facilities, he reasons. "India has the potential not only of becoming self-sufficient in steel, but also playing a role in the world market like South Korea or Brazil, which exported 10 million tonnes of steel last year," says Korf.

Brazil is a market which Korf knows well. He has four companies there engaged in steelmaking, machine building and engineering consultancy. In fact, once the new technology was blueprinted in the early eighties, the first EOF was tried out at Korf's own steel plant at Divinopolis (Brazil) — with eminent success.

Unique features. Among the several unique features which set EOF apart from conventional steelmaking technologies is its ability to operate with upto 50% scrap without any coal being added. Normally, a scrap charge of only 25% is acceptable. In terms of operating cost, EOF scores well in comparison with the electric arc furnace (EAF): total cost of manufacture per tonne is estimated at $35 (for EOF) as against $56 (for EAF). "EOF is already a proven technology," declares Korf. "It is a technology for the nineties and beyond."

Characteristically, Russi Mody was one of the first to recognise the potential of EOF technology. Today, the application of EOF technology is in full swing at Jamshedpur. An 80 tonne energy optimising furnace (cost: $25 million) to make 0.5 million tpa of steel is being installed. This will replace half the open hearth furnaces in Tata Steel's melting shop No.3. Commissioning is scheduled for 1 September. Thereafter, a second EOF of similar capacity will follow, eliminating all open hearth furnaces in the melting shop.

The installation of EOF at Jamshedpur apart, Mody decided to go a step further and set up a local joint venture with Korf, enabling the latter to establish a presence on this subcontinent. The new company, Tata Korf Engineering Services (Takes) is mandated to market the EOF technology and other Korf group offerings (such as the mini blast furnace) in India and the neighbouring countries. "It is important to note that using the facilities available at Tata Steel's growth shop, Takes will have to import less than 20% of the components to build and instal energy optimisation furnaces in India," points out Korf. With so much going for it Takes seems to have what it takes to succeed.

OSWAL'S AGGRO APPROACH

After Abhey and a host of his cousins, another Oswal is breaking out of the traditional Oswal straitjacket. Oswal Spinning & Weaving Mills chairman Ashok Oswal has just hit the growth trail.

OSWAL'S PLANS ARE CUT AND DRIED

Oswal has major plans for flagship Oswal Spinning and other group companies. For the latter he is not willing to spell out too many details ("We are still working things out but the focus areas will be agro-based industries"). But Oswal Spinning's plans are more cut and dried.

The company has already started work on a Rs 9.42 crore expansion project for its vanaspati plant to raise capacity from 7,500 tonnes per annum (tpa) to 15,000 tpa. The existing unit will also be modernised leading to greater shelf-life of the vanaspati consumer packs. "It will be a big plus in our markets," says Oswal.

New projects. Simultaneously, the company is setting up a 200 tonnes per day solvent extraction unit at a cost of Rs 4.16 crores. Both these projects are expected to go on stream by October 1990 and will add substantially to the company's turnover (Rs 31.8 crores in the year ended 31 March 1989).

That's not all. On the anvil is a Rs 10 crore investment in steel — the company already has a 18,000 tpa alloy steel castings unit. "But that depends on whether we get the necessary power allocation from the state (Punjab)," explains Oswal.

All that should help put Oswal Spinning in the fast lane. Turnover is projected to jump to Rs 57 crores by 1991-92. "If our steel project goes through, it will mean an addition of another Rs 20-25 crores," says Oswal.

There could well be another change accompanying this emergence from somnolence. Though the company is styled Oswal Spinning & Weaving, textile related activities constitute a meagre 2% of turnover. "Yes, we are thinking of changing our name in keeping with our increased emphasis on agro-products," says Oswal. This Oswal, too, has aggro.

WHAT'S IN AN AWARD?

When she received the Marketing Man of the Year award recently, there were a few eyebrows raised. Not on the question of her deserving it; Lila Poonawalla, the managing director of the Pune-based Alfa-Laval, has enough to her credit to win a dozen such laurels. It was the 'man' in the title that caused a few passing smirks.

POONAWALLA: AWARDS GALORE

Poonawalla is not worried. "What difference does the word 'man' make?" she asks. "I don't attach a sexist angle to it. For that matter, the Padmashri I got in 1989 could also arouse gender controversy."

Winning awards has become a routine affair for Poonawalla. In 1984 she bagged a Best Woman Executive of the Year award. In 1989 she was crowned Lady of the Decade. And, more recently, she picked up the Technocrat of the Decade award, all of them coming from recognised professional institutions.

Creditable accomplishments. Of course, she has accomplishments to her credit too. When she took over as MD of Alfa-Laval in 1987, the company was beset with all sorts of labour problems; there were no less than 32 cases pending in the industrial courts. Besides, turnover had been practically stagnating at around Rs 45 crores for three years.

Today the company enjoys peace on the labour front and turnover has galloped past the Rs 90 crore mark (for the 12 months ended March 1990). "We have promised ourselves a 20% growth every year," says Poonawalla.

What is the secret of her success? "I believe in participative management," says Poonawalla. On pushing turnover, her focus has been on increasing sales outlets. In 1987 there were six, in 1989, 18. "And by the year-end we should have 25 sales offices in the country," she says. Another thrust has been on speeding up after sales service, something which has kept customers happy.

Today Alfa-Laval, which manufactures machinery and undertakes turnkey projects for a whole range of industries, is poised for further growth. A lot of money has been spent on modernisation which has resulted in a 30% increase in capacity. This has encouraged the company to increase its thrust on exports.

For Poonawalla, who joined Alfa-Laval in 1968 as a trainee engineer, it has been a triumphant progress through the ranks. Further laurels could be in store for this charming woman whose achievements many men would love to match.

BURNT PRESTIGE

One fire is out. The blaze at Bombay's Hotel Oberoi Towers, which was apparently sparked off by a short-circuit on 12 April, was

MADHOK & BILIMORIA ARE WORKING OVERTIME

doused in a matter of 12 hours.

Another fire is still smouldering. And the firefighters at the Oberoi — the management and the public relations team — are busy trying to salvage the reputation of the hotel. And it is this fire which matters more; the physical damage has been contained, but any dilution in the popular perception of the hotel and its facilities can prove more harmful in the long run.

The Oberoi team has been on hyperdrive since the day the fire broke out. The first priority was, of course, to move the people and that was accomplished in quick time. Block bookings were made in other city hotels and all guests were found alternative accommodation.

"In fires, miracles don't happen," says spokesperson Niloufer Bilimoria. "We took some good but hard decisions. Guest safety came first; property second."The result: the damage was substantial (estimates put it above Rs 10 crores) but there were no casualties.

After that came the rumours — allegations that the warning mechanism was defective; the firefighting facilities deficient. There were even reports that some guests were not given any warning at all.

A hoax. That's denied. "The report was a hoax," says Bilimoria. She and general manager Anil Madhok had also to work overtime to convince all and sundry that safety regulations had not been flouted.

The exercise is not yet over. But Bilimoria sees no shoals ahead. As evidence she points to the sheaf of letters received from the guests who had to be evacuated all expressing sympathy, appreciation and eagerness to return.

Return they will not be able to for some time. "We are not willing to cut any corners on fire," says Madhok. "We plan to start the lobby from 10 June." Hotel Oberoi Towers, which has been bugging its clients a bit for some time because of a revamp of its lobby, needs to emerge from the fire with a far more improved facelift.

KAMATS' GAMUT

Dishing out discounts is seasonal. So when it's done throughout the year it looks unusual. And Kamats, known for its chain of both owned and franchised hotels and restaurants (1989-90 sales: Rs 50 crores), has done just that.

On 16 April, the food outfit kicked off Kamats Club. By paying Rs 11,000 (per couple) as an interest-free deposit with a lock-in period of 10 years, members can avail of free facilities such as swimming pools, health clubs, amusement parks and siesta rooms at Kamats' holiday resorts located at Bombay, Khandala, Daman, Silvassa, Vapi and Ankleshwar.

That's not all. Kamats cardholders can go on a shopping spree or an eating binge at any of the 200 member establishments it has tied up with and get discounts ranging from 7.5% to 25%. The member establishments include hotels, restaurants, department stores, travel agencies, boutiques, amusements parks, beauty parlours ... the list goes on. Over a period of time, the club plans to have 1,000 such establishments all over India. Says Kamats director Amrish Arora: "It's basically a service-oriented club. It helps the (member) establishments to boost sales and cardholders to get the discount benefits."

Going by what Arora says, the service seems to have caught on. He claims to have got 500 members in a span of 20 days and hopes to rope in another 2,000 in a month's time. "We'd like to stop at this figure considering the infrastructural facilities we have now. Maybe we'll admit more members later if the need arises," says Arora.

Arora does not see any hitches in wooing members. According to him a mere sauna and a swimming pool facility at, say, Hotel Searock costs Rs

ARORA: THE SERVICE IS CATCHING ON

6,000 per annum. "Ours is much much cheaper."

Considering the kind of fees one has to shell out for one-point club membership, Kamats Club does appear attractive. That is, of course, if one expects to more than make up through discounts, the around Rs 33,000 lost in interest on deposits. As for Kamats, if it manages to rope in 2,500 members, it will be sitting pretty on a cool Rs 2.75 crores for 10 years. For that sort of money people may not join the club but they sure will be keen on clambering on the bandwagon.

A UNIQUE ENTREPRENEUR

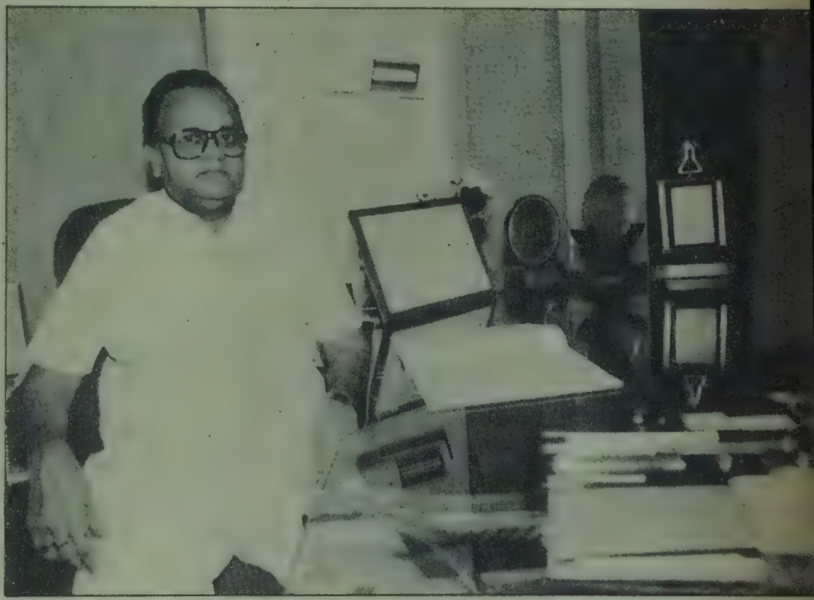
From trading to distributorship to manufacturing. That's how the Calcutta-headquartered Chemcrown group, which has interests in chemicals, pharmaceuticals, shoes and tea, has progressed. The latest annual report reveals that the flagship company Chemcrown (India) achieved a sales turnover of Rs 20.25 crores in 1988-89, and it expects to cross the Rs 24 crore mark in 1989-90. Counting the sister companies, group turnover is around Rs 30 crores.

Intrepid entrepreneurship. Modest though these figures sound, they hide a tale of intrepid entrepreneurship. A unique aspect of the Chemcrown story is that at least four of the eight companies in the group were sick units which were taken over. And all are on the road to recovery today. The group is now undertaking a 100% export-oriented unit (EOU) to manufacture shoe soles and other footwear components.

Says Chemcrown managing director B.D. Bhaiya: "Besides diversifying into shoe components we are also expanding our chemical plants by introducing some modern machinery to produce basic and auxiliary chemicals." The group's earlier plan of starting an ambitious Rs 30 crore basic chemicals plant has, however, run into trouble because of pollution control problems.

Chemcrown was set up in 1973 as a private limited company for distribution of leather chemicals manufactured by Sandoz. Gradually, it was able to spread its operations and acquired distributorship rights of Indifils Chemicals Ltd., a subsidiary of Rohm & Haus of the US.

"After making steady progress and recording consistent growth in trading activities we diversified into the manufacture of leather chemicals and other auxiliary chemicals," recalls Bhaiya. "Meanwhile we went public in 1981. The same year we took over a sick unit at Walajapet, Tamil Nadu, engaged in the manufacture of sodium dichromate. Later in 1987 we took over another sick unit engaged in the manufacture of nitric acid and sodium nitrate from Southern Nitrochemicals Ltd."



BHAIYA NURSES SICK UNITS

While the Walajapet unit has been successfully rehabilitated and is presently on a smooth wicket, the nitrochemical unit could not perform according to expectation because of an irregular power supply and poor water quality. Bhaiya explains that he has now been able to overcome the problems and expects to go on full stream soon.

Good prospects. The prospects of the current year are extremely good, says Bhaiya. The demand for both dyes and chemicals being manufactured by the Walajapet unit and the Sandoz products still marketed by the company continues to be bullish. Chemcrown's other units (Wiba Shoes and Allied Resins and Chemicals) which are also located in Madras and were erstwhile sick units are now giving returns.

"To further diversify Chemcrown's activities, we are now setting up a 100% EOU unit at Pondicherry for the manufacture of polypropelene, polystyrene, polyurethane and rubber mixed shoe soles and footwear components for sports and casual shoes at a cost of Rs 7 crores," says Bhaiya. The collaborator, Hansa GmbH of West Germany has agreed to take up a 25% equity stake and has also committed itself to buy up the entire production of this unit, which is expected to go into commercial production by the first quarter of next year.

Meanwhile, Chemcrown's acquisition of two tea gardens (one of which was sick) in Tripura in 1987 is now yielding profits. Last season the two gardens produced 5 lakh kg of tea, but the estates propose to double their output in the next year. Bhaiya, for one, has made takeover and rehabilitation of sick units his cup of tea.

(Contributed by Sujoy Gupta, Parthasarathi Swami, Maya Rai Choudhuri, Sona Nambiar, Roy Pinto & Ashoke Laha.)

SENDING DATA BY RADIO

Recently, HCL presented a startling new product from its communication division. The "radio modem," according to the company, "enables you to transfer data on your existing radio communication system." Users are required to connect the machine to an already functioning wireless set to derive the piggy back benefit of data transmission.

Recent advances in digital technology and microcomputers have brought radio which has, hitherto, been used for entertainment programs, into the mainstream of data communications. And contributing largely to radio's success has been simple technology.

Internationally, digital radio for data communication holds great promise. Although the data communication applications of radio are very much confined to the US currently, its potential in India, where rapid development is making enormous demands upon the poor communications infrastructure, is tremendous. And, if it's supported by suitable deregulation, the use of radio for data communication should really take off here.

The way a digital radio system works is quite simple and analogous to conventional wireline systems. The major difference is that ether, rather than copper, is the transmission medium. The traditional wireline modem is replaced with a radio modem that communicates with the radio equivalent of the local central office known as a base station, or master radio.

Transmitting data over radio is emerging as a better alternative to telecom lines

A digital radio network system consists of several components. The radio modem, referred to as the remote radio, is installed on the computer premises. Multiple remote radios communicate via a master radio to a regional switching center. Finally, there is a network control centre to facilitate the monitoring, control and accounting functions of the network. A radio modem may be installed at the customer's location, assuming that it is a user organisation that has already applied for a radio frequency to operate between offices that are geographically located at distant points (Delhi-Faridabad, Bombay-Vashi) or even a large sprawling factory with several key departments.

The designated radio frequency can operate as a hotline between these key points (instead of telephone lines, radio waves are used as the transmission medium). The modem may be connected to the customer's terminal (PCs or minis or logic controllers or even micro earth stations) using the standard RS 232C interface that normally serves to interconnect computers. The remote radio communicates with the master radio which is located on a tall building or hilltop.

Certain specialised radios include sophisticated data-handling techniques that are carried out by the radio's internal computer. Technologies developed to deal with long-range data communications in demanding environments and over difficult paths are being applied over short ranges now. And the cost of these radios almost always represent substantial savings over other communications services, particularly leased lines.

These radios are intended to compete head-on with leased or dial up lines which are supplied by the department of telecommunications (DoT). However, in certain applications, radio is the only option. Telephone lines cannot be used due to high costs and the difficulty in running them. It is difficult and very expensive to run a telephone line to a facility located 20 km away from the nearest telephone cable. It is essentially impossible to run a telephone line to a location surrounded by water, which is the case with ONGC's oil rigs. And there is usually a monthly lease cost that further aggravates the expense. Radio communication offers an inexpensive alternative.

Data transmission over digital radio can also be a key to efficient real-time computer information sharing. A company's computer system needs to be plugged into as many of the organisation's activities as possible, especially those that make up the company's profit centres, in order to gain the full extent of efficiency and cost-effectiveness that computer systems offer. Data communications over digital radio can create that link. In addition, information sent from a company's branches to the main office via digital radio to the main computer occurs in real time, ensuring that all important information is available as soon as possible. Data communication to remote locations — and even not-so-remote locations — makes it possible to operate a company with the latest information.

In the Indian context, error-free digital radio can be used over a broad spectrum of applications. A few examples include: controlling oil wells and monitoring their pressures, temperatures and flow rates; controlling and monitoring irrigation systems; replacing existing wireline facilities; data communications where wire line facilities do not exist or cannot be provided; control and monitoring of pipeline pumping stations and leak detection systems; harbour traffic control; inland waterways vessel tracking; thin-route communications between small towns; disaster recovery after storms, earthquakes and manmade disturbances; off premises extension to data terminals, and perimeter security systems.

However, some requirements have to be met for effective communication. The methods by which data is trans-

mitted between two locations must be free of errors. One of the preferred methods of detecting and correcting errors in a data transmission is the X.25 protocol, or some variation of X.25. The error rate in a well-designed X.25 based digital radio is such that out of 100 billion received errors, only one will go uncorrected.

By way of comparison, a telephone line from DoT, whether dial up or leased, does not offer a guaranteed error rate. The performance is dependent on the hardware at the end user's side. Digital radio transmission provides the following advantages over cable technologies:

- It provides a leased line performance at a more economical cost.
- It has a fast response time compared to the switched telephone network.
- The installation of radio is easy and quick, unlike other systems.
- Unlike the telephone service, there are no interruptions due to faults and no busy signals.
- The radio network does not involve a local loop circuit — the single major source of communication faults.

As mentioned before, digital radio systems can support a variety of communication applications. Other possible areas are: factory transmission, point-of-sale credit/debit authorisations, ATM transactions, lottery networks, hotel reservations and airline reservations. Even more applications will emerge as the network systems and technologies continue to evolve.

One interesting application area may be in checking credit card authenticity. Credit fraud is already in excess of an estimated Rs 3,400 crores worldwide and will only increase. With the growth of credit card users, an increasing volume of urban Indian retail purchases are likely to be made by cheque, credit card or debit card. Many merchants investigate customer creditworthiness by accessing a database via telephone or dial-up terminals. However, most cannot. The technology supporting authorisation services is too expensive or unreliable for the effort involved. A digital radio network, which supports electronic authorisation via radio waves, provides the cost-effective, feasible solution to these growing merchant risks.

Digital radio technology provides a unique opportunity for Indian businesses and large enterprises with sprawling facilities to build their data communication capabilities while continuing to meet their telephone communication demands.

Because radio-based data transmission systems bypass the telephone networks, users can accomplish dual objectives by using radio transmission. They can reduce the traffic demand on their existing telephone networks and enhance their data communications abilities. Radio-based data transmission systems are also easy to design, install and operate. Such networks can serve the needs of business and government in small cities and large metropolitan areas. Simultaneously, they decrease the burden on a heavily tottering telecommunication system.

■ *T.A. Balasubramanian*
The author is manager (systems), HPCL, Bombay.

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A STAR EXPLORER

Telescopes are buckets for catching starlight. Ever since Galileo published *The Starry Messenger*, alerting them to the possibilities of such contraptions, astronomers have busied themselves building ever-bigger buckets. Today's telescopes gather starlight in mirrors that are four metres across. There is a five metre telescope at America's Palomar observatory, and a six metre telescope in the USSR, though it does not work very well.

Compared to these, the Hubble telescope developed and paid for by Nasa (National Aeronautics Space Administration), with help from the European Space Agency, is rather small. The mirror it holds up to nature measures just 2.4 metres across. The important word though, is "up." From a vantage point of an orbit 600 kms above the earth, the Hubble telescope will be able to see the naked glories of the universe, while its larger earthbound brethren have to peer through the veils of the atmosphere.

NO PROBLEM

The atmosphere distorts and censors the stars. Its moving molecules interfere with the passage of their light, which is what makes them twinkle. Above the atmosphere, images are much sharper, so the Hubble telescope will be able to resolve images of objects much better than ground-based ones can. Ground telescopes also have to cope with the light pollution caused by dim light that fills the seemingly dark night sky. In space, the Hubble will have no such problem, there being no background light: each star is a jewel on black velvet.

Perhaps the worst thing about the atmosphere is that it blocks some types of starlight completely. Ultraviolet (UV) light from stars does not reach the surface of the earth — it is absorbed by the ozone layer in the stratosphere. That is unfortunate for astronomers, because there is much to be learned about the stars from looking at UV.

The Hubble is immediately recognisable as a telescope much like that found in a medium-sized observatory. Light enters the barrel and is collected and focused by an almost-perfect mirror (if the mirror were as big as America, its imperfections would be a few centimetres high). The focused light is then reflected from a secondary mirror through a small hole in the middle of the main mirror to form an image behind it.

Various instruments can then study the image. There are cameras, which can take pictures of objects that are too faint to be seen from earth, or provide details of objects which are otherwise just blurs. There are also spectrometers which smear the light gathered out along a line, with the shortest wavelengths at one end and the longest at the other. The wavelengths can reveal what the shining object is made of, and what is making it shine.

Because time on the Hubble is precious — it is already 20 times oversubscribed — all available hours will be spent looking at objects already known to be worthwhile. Some are relatively close; the Hubble will be trained on the sun's outermost planet, tiny Pluto, which may well show seasonal changes like those inferred from pictures of Neptune's moon, Titan. It will also be able to take pictures of Pluto's moon, Charon, which is detectable from earth only as a wobble in Pluto's orbit.

As well as seeing the most distant planet inside the solar system, the telescope may see the first planets outside it. The objects that rank highest in the small-but-interesting category are black holes, which are the triumph of gravity: enormous accumulations of mass with gravitational fields so strong that nothing can escape them, not even light.

The Hubble will also look at quasars and their kin to try to work out how a black hole's gravity manages to drive such brightness.

One of the three "key projects" on the Hubble is the Medium Deep Survey. It will study the distribution of various types of galaxies by using the telescope's wide-field camera. The second of the key projects is to study the evolution of galaxies. The third key project is the most mundane yet possibly also the most far-reaching. It will help throw light on the actual value of Hubble's constant — which governs the relationship between the speed at which a galaxy is moving away and its distance from the earth. This in turn will help determine the age of the universe.

The Hubble was originally due for launch in 1983; and the $2 billion it cost could have paid for 20 ten-metre telescopes on earth. The Hubble's talents did not come cheap. But the investment should start bearing fruit, what with the space shuttle Discovery finally setting the Hubble into orbit on 24 April. — *The Economist*.

WATCH OUT, HUBBLE'S GONNA GET YER!

HAVE YOU ZIPPED YOUR ZIPPER?

You need not worry any more and face embarrassing situations in case the zipper of your pant is open or was never shut to begin with. Danny Steinberg, an inventor living in Tokyo, has invented "Zip-sure," a specially designed zipper that alerts its wearer when his or her fly is open. The zipper is provided with sensors that send a signal to a small vibrator attached to the skin. The wearer presumably feels the vibration and knows it is time to fix the zipper.

MINIATURE HEADLIGHTS

Passenger cars of the future may be small two-seaters, a survey has indicated. In keeping with this, another incredible shrinking phenomenon is car headlights. General Electric in Cleveland, in cooperation with the Ford Motor Co., has already developed tiny headlights for cars of the not-so-distant future. The minilights could finally wind up as two tennis ball-sized dimples on a car's front end or an inch high strip that runs along the leading edge of a car's hood.

The so-called xenon headlights are revolutionary in that they would be far brighter than the present day headlights. They would also be four times more energy efficient and last the life of an average car, barring accidents involving front-end collisions. A major advantage is that the car itself can be designed more aerodynamically, since the small headlights will be creating less wind resistance.

MUD HOUSES FOR HOMELESS

Terra Black Worldwide of Orlando (TBWO), Florida, USA, believes that its earth-block making machines would help house millions of homeless people worldwide. The machines produce 600 of the 30 pound soil-based building blocks hourly which go directly into a wall without drying, curing or using mortar. The blocks' strength and energy efficiency and the speed with which they can be produced makes them the 'best building material in the world,' says the manufacturer.

The Soviet Union has so far been the major client of the firm. For its 'Habitat 2000 programme,' the USSR has already signed a letter of intent to purchase 2000 of TBWO's machines by the year 2000 AD to provide housing for 58 million people.

NEW AID FOR THE DEAF-BLIND

A new communication aid helps individuals who are both deaf and blind gain access to computer-based information as well as communicate with other people through their sense of touch. "Dexter" is a mechanical fingerspelling hand that can substitute for a human interpreter. Its finger movements correspond to the one hand fingerspelling alphabet that is already in wide use by deaf people.

To communicate with a deaf-blind individual, people who are not familiar with the fingerspelling alphabet can type messages into Dexter's keyboard or use a TDD (Telecommunications Device for the Deaf) connected to telephones. A microprocessor system translates incoming messages into control signals that operate Dexter's motions. To receive a message, the deaf-blind user feels the mechanical hand as it moves and translates the finger positions into letters of the alphabet.

SPEAKING CURRENCY NOTES

The Science & Technology Centre at Ottawa's Carleton University and the Ottawa electronics firm Brytech have jointly developed a device that makes money talk, literally. In fact, the Bank of Canada has already released \$2, \$5 and \$10 bills that actually state their value out loud. The device is a pocket-sized electronic reader which recognises the characteristic patterns of print on the bill and then speaks its denomination in either English or French.

The equipment, at present, is, no doubt, designed as an aid to the visually impaired. But its potential is vast and varied. One can imagine the day when soft drink bottles and items in departmental stores shout their prices from the shelves.

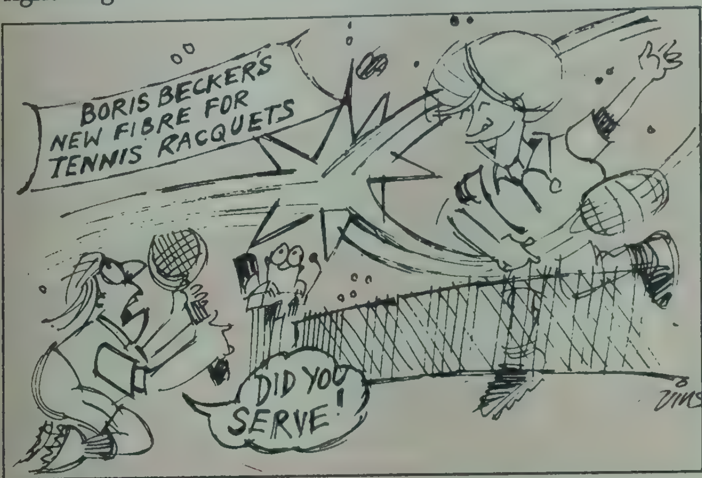
DRUG SMUGGLERS!

A prototype of a new drug-detection instrument has successfully detected cocaine, heroin and common terrorist explosives, working faster than conventional techniques and with no false-positive recordings.

The Ion Mobility Sensing Instrument developed by Barringer Resources Inc. of New York city sniffs air samples, ionises them, passes them through an electrostatically charged tube and records their travel time from which the compound can be identified. According to Barringer, the instrument can match sniffer dogs for speed of response, accuracy and sensitivity, but is cheaper to maintain and could be built into X-ray luggage scanners at airports.

WORLD'S STRONGEST FIBRE?

Champions like Boris Becker may be able to use more aces to win at Wimbledon. That's because, a new lightweight fibre 10 times as strong as steel may revolutionise tennis and other sports.



Dyneema, developed by a Dutch chemical group, DSM, is a superstrong polyethylene fibre now being tested on tennis racquets. The fibre concentrates the weight of the racquet towards the top and the grip, thus giving it more swing power. Besides the low weight and great strength, the fibre also dampens the racquet's vibration after a ball is struck.

In addition to tennis racquets, the new fibre has been tested in such sports equipment as archery bow strings, sails, yacht rigging, skis, hockey sticks and fencing suits.

CORAL PIPES FOR SEWAGE

Sewage pipes grown underwater from coral can be built at a fraction of conventional costs and could revolutionise pipe construction in developing countries, according to Jorge Zapp, a United Nations Development Programme engineer. In experiments along the Columbian coast, wire mesh that is electrically charged was used to induce electroaccretion, causing coral to grow rapidly around the wire and form a tough durable coating. Coral sewage pipes are stronger than reinforced concrete and are resistant to earthquakes besides being 100 times cheaper per metre than the equivalent in steel.

SAFER DENTAL FILLER

According to Professor Wyatt Hume of the department of operative dentistry at the University of Sydney, Australia, the use of glass-ionomer cement — a compound of complex glass and polyacrylic acid — and composite resin as a substitute for traditional amalgam could significantly reduce some health risks dentists face.

A disadvantage of traditional amalgam used in minor dental restorative work has been its mercury component. The risk arises when dentists prepare the silver-grey alloy to fill a decayed tooth. During the mixing process, minute traces of mercury vapour are released which when inhaled over many years could cause neurological disorders, insomnia and irritability.

CATALYTIC CONVERTER

The Indian Institute of Technology, Bombay, has developed a catalytic converter to bring down the level of polluting gases from automobiles. Under laboratory conditions, the device has reduced the level of carbon monoxide emissions upto 90% and of unburnt hydrocarbons to 60%. And it has already found a customer in the environment directorate of Uttar Pradesh.

Currently, it can only be used in petrol-driven four-wheelers. Improvements are being planned to make it suitable for two-wheelers. Consisting of 12 honeycomb discs, the device is fitted at the end of the pipe discharging residual gases from the engine. The converter changes the carbon monoxide to carbon dioxide and the unburnt hydrocarbons into carbon dioxide and water vapour. Once fitted, the device can operate for about 8,000 km, when the honeycomb discs may have to be replaced.

FABRIC AS THIN AS AIR

Researchers at the Lawrence Livermore National Laboratory, Livermore, USA, have produced a substance called aerogel that is nearly invisible — just four times as dense as air. The material, made of randomly-linked fibres of silicon and oxygen, has superior insulation properties as regards heat and sound.

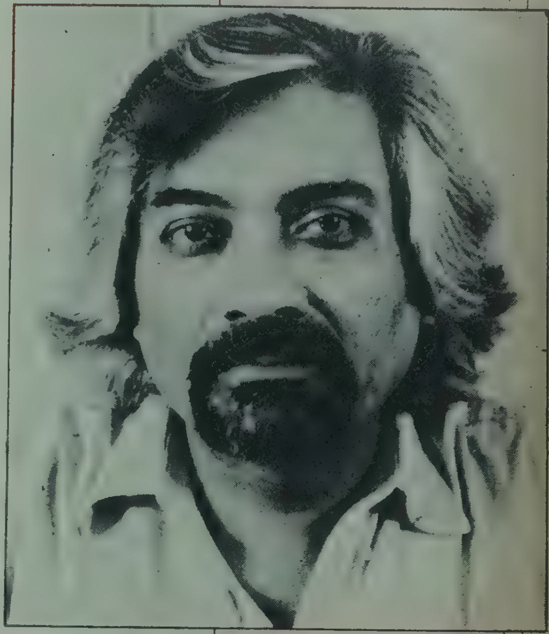
These properties could make aerogels suitable for a variety of commercial uses, including certain gas filters, high-resolution sound detectors for autofocus cameras and insulation for double panel windows and refrigerators.

THE NEXT GENERATION TEFLON

Teflon AF (amorphous fluoropolymer) is the latest technical innovation by Du Pont based on the company's more than 50 years' experience in fluoropolymer technology. With optical clarity and heat and electrical performance characteristics that exceed existing grades of teflon, the new material is expected to meet engineers' diverse needs in a variety of innovative high-technology areas, including the next generation of high-speed computer circuits.

The material is suitable for coatings for semiconductor and printed circuit board fabrication, photolithography and lenses and optical fibre core and cladding materials. The clarity makes the material suitable for optical devices for medicine, defence and aerospace. It has superior electrical and mechanical properties which are important factors for dielectric materials used for hybrid/sandwich integrated circuit packaging.

CZAR TREK II



Unputdownable. When everyone thought telecom czar Sam Pitroda's trek was all but over, he has bounced back. Instead it is the minister K.P. Unnikrishnan, who was handling the communications portfolio aside from his surface transport responsibilities, who has been asked to hand over charge to new communications minister Janeshwar Mishra. Pitroda, it seems, is riding high again while the man who was out for his blood — Unnikrishnan — has been cut to size.

In many ways it is a repeat performance. Last year (see *BW* 10-23 May 1989), Pitroda seemed out for the count. The chairmanship of the telecom commission, a Pitroda baby from the word go, had been snatched from his grasp through a government notification that the chairman's job would go to the incumbent telecom secretary. When all seemed lost in the face of increased criticism of Pitroda in Press and Parliament, the eternal survivor was appointed telecom secretary and the other plums automatically fell into his lap. He was back with a bang.

A CONTRETEMPS

That contretemps may have been more of sound and fury because Pitroda had former prime minister Rajiv Gandhi's support all through. And in those days Gandhi's word was law.

This time the forces ranged against him were far more formidable. And, though he had some supporters in high places, there were few who were rooting for him all the way. The current victory is thus all the more satisfying and meaningful for Pitroda.

This time, however, the telecom czar played his cards more sedately. There were no tirades against bureaucratic and ministerial interference, no confident claims that he would prevail in the end. "I am managing quite well as you can see," he said a few days before the cabinet reshuffle that deprived Unnikrishnan of his communications charge. "But it (giving the portfolio to someone else) is for the prime minister to decide."

V.P. Singh voted for Pitroda. But why did he? Observers have many reasons to offer. Most important among them is perhaps the support Pitroda received from both politicians and bureaucrats.

Heading the pack was industry minister Ajit Singh who came out strongly in Pitroda's favour. The Telugu Desam, which is a component of the National Front government, also backed him to the hilt. (According to the capital grapevine, this was because a close relative of a top Telugu Desam leader is a C-DoT (Centre for the Development of Telematics) licensee.) On Pitroda's side too was the science and technology minister M.G.K. Menon.

The bureaucrats were not too backward in giving their support either. Firmly in Pitroda's corner were cabinet secretary Vinod Pande and principal secretary in the prime minister's office B.G. Deshmukh. Pande's and Pitroda's links go back to when the former was secretary (rural development) and Pitroda was constantly in touch with him regarding the technology missions. Besides, the fact that Pande's brother M.K. Pande is working in C-DoT could not have hurt.

Apart from all this, Pitroda had practically unstinted backing from C-DoT engineers. It had even been contended that Pitroda's ouster would lead to a veritable exodus from the agency, thus emasculating it in one fell swoop.

Unnikrishnan played his cards wrongly. "He should have sacked Pitroda on Day One," says a National Front leader. "By not doing so he looked indecisive." Pitroda, on the other hand, always made it clear that he was in the saddle and intended to stay there.

Unnikrishnan made other mistakes too. He appointed a technical audit team to look into C-DoT's promises and performance. That was a move welcomed by Pitroda himself but Unnikrishnan went and put his foot in by appointing K.P.P. Nambiar, known to be extremely antagonistic to Pitroda, as the team leader. The result: the Pitroda camp labelled the report a sham from the beginning.

WRONG LIGHT

There was not too much carping on facts in the report. What Pitroda loyalists felt, however, is that they had been presented in the wrong light. D.R. Mahajan, member of the audit team who was a signatory to a dissenting note to its report, added a note to the main report. "While I do not generally dispute the facts and figures of the report," the latter note read, "I have serious objections to the way it is presented and the inference drawn thereof." In the ultimate analysis, many serious charges were levelled at Pitroda but, thanks to the popular perception of the people who were stirring up the mud, most of it did not stick.

But that is not to say that Pitroda is home and dry. The charges against him, particularly

C-DoT is dismally behind schedule, and Pitroda has a lot to do. Will he be able to deliver?

on the performance of C-DoT, are still very much alive. And he will have to answer them. The entry of Mishra as minister does not mean an instant solution to all his problems.

This time, however, Pitroda has started on the right foot. When Unnikrishnan took charge of communications, Pitroda had breezed into his office with an airy hello. That drew a snub from the minister and caused an instant controversy. On this occasion Pitroda spent a full hour with the minister during his first day in office and another one-and-a-half the next. Peace has apparently been declared unless Pitroda strays from his work and goes politicking. Pitroda does not admit as much but he is a chastened man. "Give me an opportunity to work and I will be thankful," he says.

Work he will have to do a lot because C-DoT is dismally behind all its targets. Take the main automatic exchange (MAX). C-DoT has now set its sights on a 1,500 line MAX for commercial production by July 1990, a 20,000 line one by October 1990, and a 40,000 line, 16,000 port equivalent by June 1991.

This is far from what had been earlier envisaged. In October 1987, Pitroda had boasted that field tests of the 16,000 port MAX were even then underway. The Nambiar audit team, however, says that only a 800 line trial exchange was operational by August 1989 and this was expanded to 2,400 lines by October 1989. C-DoT sources have different figures.

But even with the figures he can drum up, Pitroda cannot deny that there have been delays. But he has an excuse. "Where is the money?" he asks. That may be an even bigger problem now with a new government in the saddle and all plan priorities undergoing a shuffle.

If C-DoT does not deliver, what is the solution? Imports? If so, at what price?

The first price to be paid if imports are resorted to will be the demise of C-DoT. Today, even the detractors deny it. "We are never going to kill C-DoT," says Nambiar. Adds Janata Dal general secretary Jaipal Reddy: "We are fully for the development of indigenous technology. There is no going back on that."

Unnikrishnan also made some mistakes. His problem was that he was indecisive

A LEVIATHAN?

But with the problems of communications compounding by the day, alternatives are already being considered. For starters, C-DoT technology may be dumped with the government opting for E-10B and E-10S technology from Alcatel which has already been paid for.

If C-DoT fails to deliver a fully-commercial exchange, Alcatel could even be asked to supply that. The other possibility is that the Department of Telecommunications(DoT)may look for competing technology and AT&T, Siemens, Ericsson and their ilk are waiting for that to happen.

That's a worst case scenario. In all probability, the expectations from C-DoT may be toned down. Like any other public sector leviathan it could be allowed to lumber along delivering after due delays, if at all.

That would be unfortunate because a lumbering public sector leviathan is just what today C-DoT is not. But it might well become one. Two new directors have been installed in place of deposed Pitroda men, G.B. Meemamsi and Mahajan. And there are already rumblings in the ranks that they do not fit into C-DoT's corporate culture. More inductions at the top (not an unlikely development considering the feeling in some quarters that Pitroda needs his wings clipped) and a still dynamic C-DoT could go the way of all state sector behemoths.

MANPOWER LOSSES

There are some signs that this has been happening already. The ongoing controversy and criticism has seen a gradual diminution of C-DoT's aura. It is being felt within the organisation too. Proof: manpower turnover has increased from 3.38% to 10.21% per annum.

The aura and reputation might take another nosedive if the personal charges against Pitroda are subject to a Central Bureau of Investigation (CBI) inquiry. These charges relate to award of consultancy contracts and equipment import contracts through Martek and MTI, two US-based firms set up by Pitroda.

Take consultancy first. The Nambiar report says that between 1984 and March 1989, C-DoT spent Rs 1.92 crores as consultancy charges. Out of this Rs 1.29 crores was paid to foreign consultants. The grouse of the anti-Pitroda camp: one of the consultants was Roy Mehta, a Pitroda crony. "Roy may have been my friend and classmate," counters Pitroda, "but, hell, he was a professional. In fact, everybody in the digital switching field (worldwide) is my friend."

On imports through Martek and MTI, the Nambiar panel has found "no evidence of malafide in the purchases made" but holds that "the records are not well-maintained." That could be nitpicking but, going by the wealth of allegations of over-invoicing that are doing the rounds in the Press, it could well result in more damaging information in case a CBI probe is instituted.

Pitroda, thus, may have won one round in the ongoing battle. But he is still very vulnerable. C-DoT, too, is not sitting as pretty either. The czar trek has not been aborted as yet but it is not all systems go either. In many ways for both Pitroda and C-DoT it is still destination unknown.

■ *George Skaria*

CORPORATE REPORTS

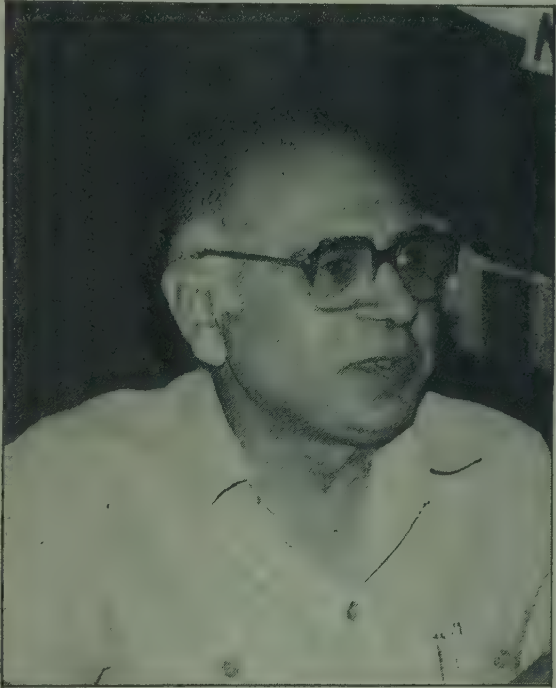
PLAYING WITH FIGURES

The original idea was improved flow of information to investors. But companies have been too clever by half: they have often used half-time corporate results as conduits for disinformation. If the trends in recent months are any indication, half-yearly financial reportage has had other halves to it, highlighting the half-hearted approach of listed companies in disclosing material facts and price-sensitive information. Observes S.A. Dave, chairman of the Unit Trust of India (UTI) as well as the Securities and Exchange Board of India (Sebi): "Most half-time results have been half-truths."

Dave is not the only one who thinks so. The powers that be in stock exchanges were equally cut up about it. At the 31 March meeting of stock exchange presidents and executive directors, the participants were vocal in their condemnation of the funny numbers put out by company managements through half-yearly results.

To an extent, of course, the matter is within the control of the exchanges themselves. The key lies in clause 41 of the agreement that companies enter into with the exchanges before they are listed for trading. The clause mandates all listed companies to inform stock exchanges and publish their half-time results in at least two major dailies within two months of the finalisation of figures. But as it stands, clause 41 has too many loopholes left for bandying about disinformation. Says M.R. Mayya, executive director of the Bombay stock exchange (BSE): "The current format gives scanty information and (the figures) are (often) at variance with the year-end results."

The 31 March meeting, therefore, proposed amendments to clause 41 so that misinformation doesn't slip through the loopholes. Among other things, companies will henceforth be called upon to provide information on capacity (both licensed and installed), product-wise production figures, share capital, reserves, status of projects on hand, materials accounting policies and adjustments and all extraordinary events that affect the bottomline. Companies yet to commence production will have to publish particulars of project status, implementation schedules, and the expected date of commissioning on a six-monthly basis. All information about expansion and diversification



DAVE: COMPANIES PEDDLING HALF-TRUTHS

programmes, strikes and lockouts, and changes in management form a part of the proposed new format for half-yearly results. Says Mayya: "We want companies to disclose all price-sensitive information along with their half-yearly results."

It's not going to happen overnight. For, before the amendments to clause 41 are adopted, they will be vetted by professional bodies such as the Institute of Chartered Accountants of India (ICAI) and the Institute of Company Secretaries (ICS). But once the scrutiny is over, companies will be left with fewer alibis for misreporting. They can, among other things, be asked to explain any wide discrepancies between half-time and year-end results. Suggests Brij Mohan Chaturvedi, a Bombay-based chartered accountant: "Half-time reports should come along with a declaration about changes in the company's working and how this will affect the year-end results."

Exaggerated bottomlines. Talk about insisting on value-added half-time information has come too late to help recent investor victims of misleading reports (see box), but better late than never. As Ajay Sheth, a Bombay-based investment advisor, points out: "Companies have been exaggerating their bottomlines to ensure the success of their capital issues and depressing them when insiders want to corner the floating stock." Effectively, thus, the current half-time reporting format has only helped subserve the interests of company insiders and vested interests in the stockmarket fraternity.

In the absence of very ordinary bits of information (for example, the size of a company's paid-up capital), investors can be denied an insight into the affairs of a company. Sipta Coated is a case in point. The company showed a net profit of Rs 1.74 crores for the 17 months ended 31 March 1989 and Rs 1.72 crores for the six months ended 30 September 1989. The half-time results showed no provision for tax and few corporate data-gazers could have been aware that meanwhile the company's equity had risen to Rs 17.59 crores.

Non-disclosure of this seemingly innocuous bit of data gave investors an inflated picture about the company's prospects. "The equity figure was not disclosed, perhaps because of the then imminent rights issue," says Sheth.

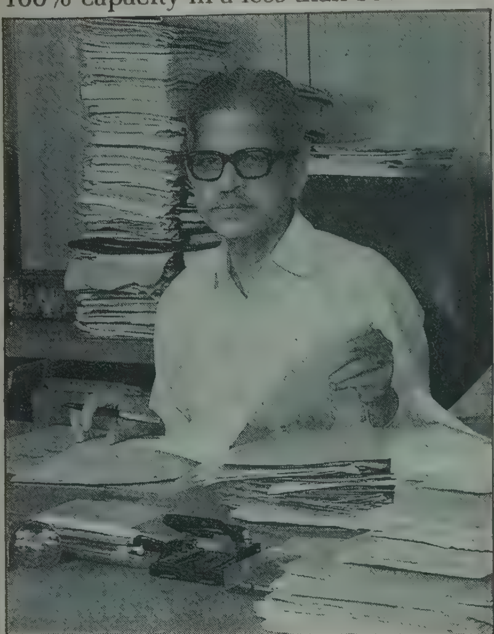
Some corporate data-users, however, think that even the proposed changes will not give qualitatively better figures to judge a company by: the new format, for example, does not call for crucial information on group earnings and net worth, the market value of listed investments, borrowing capacity, applications made for capital issues, and consents received from the controller of capital issues. Says Ebrahim Rangoonwalla, a Bombay-based investment consultant: "The proposed format just scratches the surface of a larger issue."

The larger issue he is referring to is the growing incidence of the white-

FAKE REPORTS

Investors have never had it so bad. As if tutored half-time financial results weren't bad enough, the media have been showered with disinformation, apparently with the aim of rigging the markets. These reports, masquerading under the company seal and doing the rounds at stock exchanges as well, insidiously crept up on unwary investors during the first quarter of this calendar year. The companies involved included DCL Polyester, Vinyl Chemicals, Ucal Fuel Systems and Bee Electronic Machines.

These phony reports had one thing in common — upbeat news about the company. For example, the one on DCL Polyester being circulated in the first week of January, claimed that the company was operating at over 100% capacity in a less than bullish market scenario for yarns. Weeks later, by the time the company went about disclaiming the good news, investors had lost a goodish packet. The scrip soared from around Rs 12 to Rs 26 between end-December and mid-January 1990, but slumped when the company broke the bad news (23 April quote: Rs 15).



MAYYA DENIES INACTION

Market rigging. It was but obvious from the chest-thumping tone of such reports that they had been designed with a specific end in mind — to rig the market in the respective scrips. Says M.R. Mayya, executive director of the Bombay stock exchange (BSE): "These reports originated from interested quarters, either from within the management or from stockmarket players with high stakes in the scrips."

The source of the hanky-panky is not so much the immediate issue as what needs to be done to protect unarmed investors. Sadly, BSE ombudsmen were slow to act. When they did, the damage had been done, and the interested operators had already eased themselves out of their positions.

Mayya says there was no delay in reaction times: "In the case of DCL Polyester, we acted as soon as we sensed that such reports were circulating." All deals in DCL Polyester between early and mid-January have been cancelled. The cops and companies have been alerted, too. The Bombay police are looking into this fraud and some other ones as well. Adds Mayya: "The matter is not closed as yet. We are investigating the matter so that the episode doesn't recur."

The Securities and Exchange Board of India (Sebi) has cautioned investors about such fake reports, but can do little to prevent their appearance. Says S.A. Dave, chairman of the Unit Trust of India (UTI) and Sebi: "The financial press and companies can play an important role in reducing the incidence of fraudulent press releases."

What Dave is effectively suggesting is that the press should monitor every source of information. "It is common practice at Dow Jones, Reuters, and Standard & Poor to delay the publication of suspicious corporate reports until verification," Dave points out.

The press may not always be able to do it, but one crucial pointer would be how long the companies themselves take to rebut fake news reports about themselves. Where companies are not involved in insider trading, their responses should be prompter than if they were.

collar crime of exploiting half-time results for furthering vested interests. Nuchem Plastics is one blatant case. The half-time results for the period ended 30 September 1989 were upbeat. The company had reported a net profit of Rs 2.48 crores against Rs 0.38 crores earned in the corresponding period the year before. The result: the company's shares, which were quoting around Rs 8 during 1988 and Rs 10 until October 1989, suddenly zoomed up to Rs 47 on 9 January, 1990, only to plummet to Rs 25 by 25 April. The villains: underprovision for taxation and some other liabilities. The casualties: gullible investors.

Super Sales Agencies is another case. The company's results showed a 156% rise in net profit to Rs 1.42 crores for the nine months ended 30 September 1989. Taking a cue, the share price moved up swiftly from Rs 50 to Rs 90 in a matter of weeks during December. Investors jumped into the ring, but ended up beat. For they were not privy to a crucial piece of info that the company's textiles division had been locked out. The company did part with that bit of vital news, but only as late as in end-January. The quote had by then nosedived to Rs 70, thanks to trading by certain informed quarters.

Timeliness. If l'affaire Super Sales underscores anything, it is the need to whittle down the two-months grace period given for announcing half-yearly results to a couple of weeks. After these two months, companies are given a further two-week deadline to file the results with the exchanges, but this is rarely enforced. Says Shitin Desai of Bombay-based DSP Financial Consultants: "Companies should be made to publish these results in time, as timeliness is the essence of half-yearly results."

As important as timeliness is the quality of information. As Rajashekar Iyer, executive editor of the Bombay-based *Dalal Street Journal*, points out, it is not enough for companies to indicate the cost of raw materials. The figure itself is meaningless unless supported with data on opening and closing inventories. Non-reportage in this arena means companies with large closing inventories and low purchases in the period under assessment can report lower costs and puff up the profits.

If inventory accounting is one small

instrument for distorting half-time results, provisions for depreciation and taxation are the others. Quite a few companies don't provide for these charges under the pretext that they could not be ascertained without the yearly figures. This is where the accounting bodies need to step in by defining clearly how one should go about making these provisions. They need to go beyond these too, by indicating what information is material and the structure of the footnotes that could carry the former.

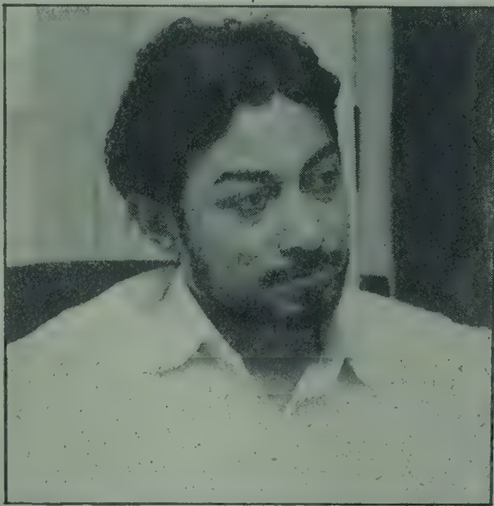
Footnotes are not mandatory as of date. Even where companies append them, the footnotes are either mundane enough to talk about a non-provision for tax and depreciation or vain bombasts waxing about the growth in turnover and profits, all translated into three-digit percentage figures. Agrees Sheth: "Footnotes are arbitrary and tell little that is pertinent."

Companies with footnote capers to their credits are many, Modi Alkalies being one of them. The company carried, like many others, a footnote to its half-time results for the five months ended 31 March, 1989, saying that tax had not been provided for. However, the company seemed to have suffered selective amnesia about its imminent rights issue. In this case, the fact that tax hadn't been provided for would have been evident in the figures themselves; but the rights issue, which wouldn't have been, was conveniently not mentioned.

Errors of commission. But errors of omission are sometimes compounded by those of commission. Instances are at hand where companies dish out different sets of half-time figures, one on the expiry of the two months' grace period to be within the law and another perhaps on the eve of a capital issue. Says Ram Piparaiya of Aridhi Investment Consultants of Bombay: "This is a blatant abuse of the spirit of clause 41 of the listing agreement."

Hindalco's results are one such aberration. The company publicised its results for the six months ended 30 September 1989 as late as in January 1990 and followed that up with a different set of results a few weeks later. These were captioned as 'results for the eight months ended 30 November 1989.' The reasons were obvious: a rights issue around the corner at a time when the aluminium industry was not in fine lick. Agrees Iyer: "I fear that the eight-monthly figures were exaggerated, as the annualised earnings per share (EPS) reflected by the reports were as high as Rs 45."

The Bombay-based Hind Rectifiers went a step further. Investor circles were perplexed when three different sets of half-time figures were put out. One advertisement gave just the figures, another had the add-on notes, and a third made some projections. "This obviously confuses investors," says Vallabh Bhansali of Enam Financial Consultants.



COMPANIES ARE CONFUSING INVESTORS, SAYS BHANSALI

Ambivalent results, perhaps, are not as much of a bother as puffed-up ones are. Bharat Seats is one prime example. The company announced its performance for the nine months ended 31 March 1988 showing gross profit of Rs 1.92 crores. What followed were results for the 18 months ended 31 December 1988 which surprisingly showed a peanut rise of Rs 5 lakhs in gross profit. The half-time net profit of Rs 1.65 crores turned into a blob of red ink — a net loss of Rs 94 lakhs, thanks to the one-shot provision of Rs 2.91 crores for depreciation. Subsequently, the company reported a gross profit of Rs 1.26 crores and a net profit of Rs 16.98 lakhs for the six months ended 30 June 1989.

The likes of Bharat Seats are legion, enough to go on and on. Perhaps what is really needed is to have half-yearly figures audited, just as the year-end ones are. Homi Ranina, chairman of Mazda Industries, however, thinks that action against the crooks is more important than compulsory auditing. "Punitive action is a must for errant insiders, but audited half-time results may prove counter-productive as these would defeat timeliness, their very essence."

Doing away with the stipulation that half-time results must be publicised in two dailies will be another step. For, evidence is at hand to prove that companies are guided more by advertising costs in the media than their reach. In the English press, *Free Press Journal* and *Indian Express* attract a lot of half-time results primarily due to their relatively lower costs. Harshad Mehta of Bombay-based Growmore Research and Assets Management Ltd. feels that "companies should be mandated to send their half-time reports to all their stakeholders." A noble thought certainly, but given the corporate tendency to abridge even annual reports, will Mehta get a hearing?

Punitive measures could work better. The Bombay stock exchange (BSE) has been taking punitive steps where hanky-panky is suspected by cancelling the deals entered into (see box). Says Atul A. Tirodkar, deputy manager of BSE: "Monetary penalty, however, has not been thought of." A long-range prescription calls for much more than penalties. "Structural reforms such as mandatory quarterly performance reports should come about," says G.S.Patel, past chairman of the Unit Trust of India.

That seems a long way from here, since currently there are several hundred companies which have not even published their results. Sheth estimates that the half-yearly results of as many as 1,000 companies are long overdue and the BSE has done little to pull them up. Though BSE executive director Mayya does not wholeheartedly agree with this, he says that whenever companies have failed to file their half-time results, the exchange writes to them immediately and allows a further grace period if the case is genuine.

The BSE is, however, tougher on fake reporting than late reporting. Recently, it decided to negate all deals in DCL Polyester which saw a lot of trading in the wake of a flood of fake press reports about the company. But in the long run, it is obvious that the securities business will have to be policed from without, not within. Effectively, that means giving more teeth to watchdog bodies like Sebi.

■ *A.H. Ghani*

NEWS BRIEFS

■ Ajit Singh, the industry minister has announced that no more **sick units** in the public sector will be nationalised. But if the state governments are willing to takeover such units, the proposals will be considered.

■ The 2% ceiling on imports of inputs for the **garments industry** is proposed to be hiked.

■ The **Madras-Singapore trade** corridor is likely to come up in a year. Under the proposal, Singapore businessmen will set up manufacturing units on their own or in collaboration with Indians and the products will be exclusively at the former's disposal for their own consumption or exports.

■ New industries set up with an investment of over Rs 50 crores in Tamil Nadu have been granted a **sales tax holiday** for nine years.

■ The Centre plans to **nationalise** 125 sick **tea gardens**. Commerce minister Arun Nehru is keen to pep up tea production as well as exports.

■ Five industries — electric arc furnace, soap, industrial gases and oils, synthetic rubber and boric acid — may come under the purview of the **cost accounting** record rules. Under s.233B of the Companies Act, the government can order a cost audit of companies in these sectors.

■ Exporters with star **trading house status** will be allowed third country exports with a view to make them international trading houses like those in Japan and Europe. Under this scheme, star exporters can purchase goods abroad for reexporting to another country without routing it through India. Meanwhile, the chairman of the Engineering Export Promotion Council (EEPC), M.C. Shah has flayed the norms fixed for recognition of export and trading houses in the new import and export (Exim) policy for 1990-93 as it would hurt small investors.

■ The centre has asked all state governments to **liquidate** their **overdues** to public sector corporations like NTPC and NHPC within 18 months.

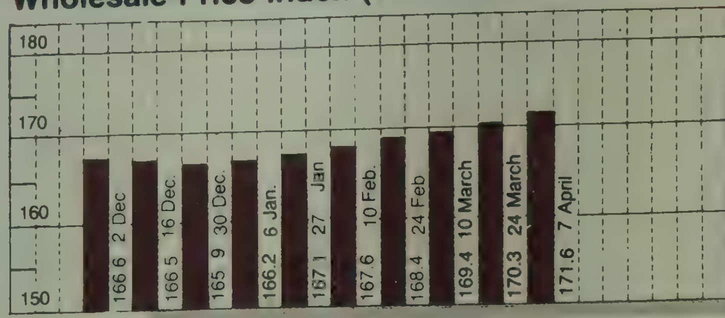
■ Coffee production during 1990-91 is expected to rise 73% over the previous year to 2.25 lakh tonnes.

■ According to the **UNIDO study,** India has achieved a quantum jump in industrial output "accompanied by a new accent on modern technology."

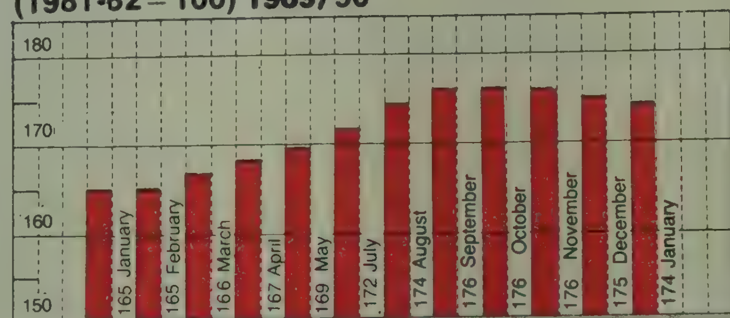
■ Industry minister Ajit Singh has urged the **cement industry** to lower cement prices and prevent unwarranted spiral in cement prices.

Foreign Exchange Rates (Spot) 1990	23 April (Rs)
One P. Sterling	28.35
One US Dollar	17.28
One D.Mark	10.19
One hundred J.Yen	11.00
One Saudi Riyal	4.62
One Kuwaiti Dinar	58.94

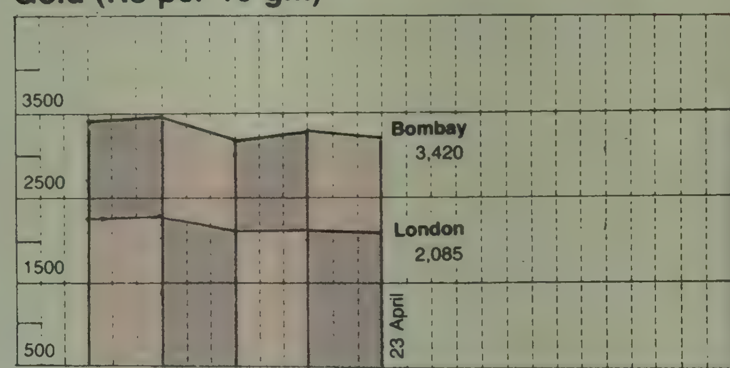
Wholesale Price Index (1981-82 = 100) 1990



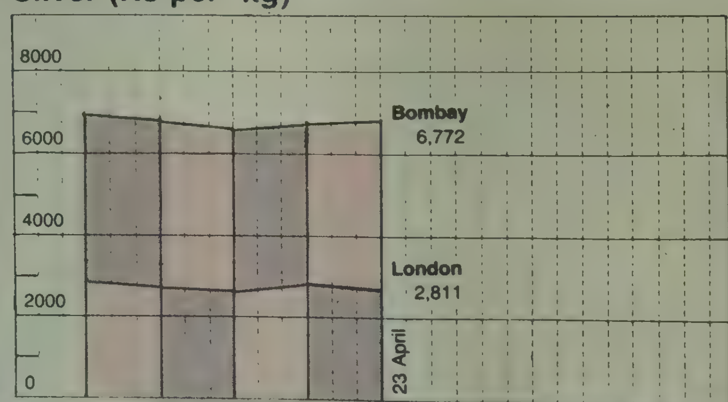
Consumer Price Index for Industrial Workers (1981-82 = 100) 1989/90



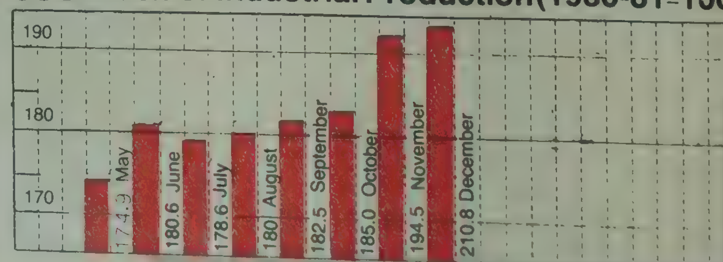
Gold (Rs per 10 gm)



Silver (Rs per kg)



CSO Index of Industrial Production(1980-81=100)



TURKISH DELIGHT

Fake Lacoste T-shirts with the grinning crocodile logo at a fraction of the price of the real McCoy are one of Turkey's newest but most dubious tourist attractions as the country catches up on notorious Asian counterfeit centres like Singapore and Bangkok.

Intellectual property piracy in Turkey concentrates on trademarks, and most frequently affects textiles, perfumes and vehicle spare parts. Turkey ranks sixth in the world in the output of counterfeit goods, with a 3.2% share of global production. Turkish copies are of growing concern abroad, especially in Europe.

Vulnerable patents. The best defense is the insiders' knowledge gained by a manufacturing or retailing presence in the market, like Italy's Benetton, according to Aydin Deris of the Istanbul company Deris Patents & Trademarks. Hugo Boss, a leading West German apparel maker, has employed a full-time lawyer, Fatih Selim Yurdakul, to track down imposters.

Patents are even more vulnerable than trademarks under the antiquated Turkish commercial code. Pharmaceuticals, veterinary medicine and computer software are especially defenceless. Patents protection elsewhere is obstructed by red tape and registry procedures which discriminate in favour of domestic firms, although Deris said that redress is possible through the courts, over time.

External pressure for reform is building, with the possibility of retaliation by the US. The issue is also bound up with Turkey's application for full membership to the EC. But little progress is thought to have been made since May on draft proposals which have been kicking around for the past two years in the State Planning Organisation in Ankara.

Last November, Turkey was identified by the US as a country with dubious trade practices, although it was not thought to be serious enough a case to warrant placement on the priority watch roster. However, the influential US-based International Intellectual Property Alliance has recommended that Turkey be moved up to priority status.

A mission in March by Bruce Wilson, the US assistant trade representative sought to concentrate Turkish minds on the issue. By the end of April, the US should have identified countries under s.301 of the 1988 Omnibus Trade Act which deny US companies adequate market protection or access. Such countries would then be asked to change their practices or face sanctions.

Lack of protection. Pharmaceuticals are especially susceptible to patent piracy, and there are powerful vested domestic interests trying to keep it so. Protection was withdrawn in 1961, ostensibly to keep down the price of drugs and widen the choice for the Turkish public.

Complaints about the lack of protection emanate more from outside Turkey than from foreign multinationals already established in the country.

Domestic industry manufactures around 90% of medicines sold in Turkey, with imports consisting largely of specialised and advanced drugs, such as cancer preparations.

Most production is undertaken by joint ventures or is licensed from abroad. For example, Turkey's largest wholly domestic company, Eczacibasi, is licensed by 22 foreign companies.

It is the smaller operators which give Turkey a bad name internationally. They quickly switch production to more fashionable or profitable drugs, often depriving Turkey of a useful medicine in the process. Piracy becomes rampant once investments are made in new products, said one firm, which faces fierce competition from imitations for about a third of its product range.

Another area of growing concern is publishing, especially educational books on subjects like English Language Teaching (ELT). For example, a large UK publisher receives only a quarter of the income from sales of its university titles in Turkey. Software protection is almost non-existent under archaic copyright laws drafted in the pre-computer age, while foreign films and video makers have protested vigorously about weak prosecution of illegal copiers and distributors under a 1986 law. — *Financial Times.*

GROWING PAINS

America's biggest bank talks and acts as if it were on the cutting edge of change. The banking world's biggest believer in gee-whiz technology, Citicorp has a strategy that is befittingly ambitious: to build the number-one global high-tech consumer bank. Yet its attempt to achieve this continues to be undermined by mundane credit problems. The concern is that Citicorp does not have the capital to fulfill its dreams, and that financial pressure will force the bank, like so many other overreaching financial institutions before it, to curb its global ambitions after millions of dollars have been spent.

Overly-ambitious. Such a backdown would wound Citicorp's self-confident management. It might be a relief to shareholders. The bank's share price is now around $23, down from its high of $34 in 1989 and much where it was in 1985. Martin Sosnoff, a Wall Street money manager, reflects many investors' thoughts when he says: "This bank has been overly-ambitious in expanding its franchise worldwide. It has been run in a grandoise way which is not benefiting shareholders."

The crux of Citicorp's financial dilemma is insufficient equity. At the end of last year, the bank's tangible (ie., not including goodwill) common equity ratio was a below par 3.2% of total assets of $230 billion (Rs 3,91,000 crores). To increase this to a respectable 4.5% would need $3 bil-

lion of equity. Citicorp chairman John Reed hopes this can be generated internally, but in 1989 the bank earned just \$1.5 billion before a special provision of \$1 billion against third world debt. If Citicorp was as fully reserved against third world debt as is its best capitalised American money-centre competitor, J.P. Morgan, the cost of meeting the 4.5 % ratio would rise a further \$3.4 billion to \$6.4 billion. That is a lot, even for Citicorp. Asset sales would be inevitable.

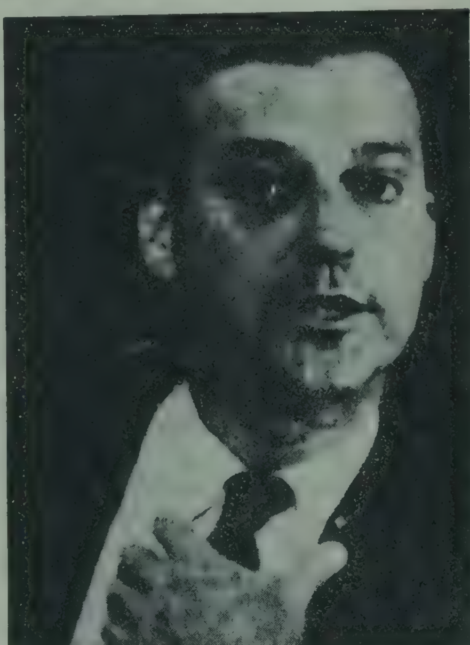
Third world debt remains the first and biggest of Citicorp's credit problems. Despite taking some well-publicised hits, the bank has made provisions of only \$3.3 billion against outstanding total third world loans (including short-term debt) of \$10.4 billion. This is down from Citicorp's peak exposure of \$14 billion but it is still larger than that of any competitor. Reed says he spends at least one-third of his time on what he calls the "cross-border" issue.

Citicorp gives two reasons why it is not appropriate to increase its third-world debt reserve. First, it expects to get most of its money back — eventually. Second, it has long-standing domestic banking business in Latin America. These reasons help explain why Citibank was the only big bank to commit new money — \$394 million over the next three years — in the recent restructuring of Mexico's \$48.5 billion of public sector commercial bank debt. Sceptics, such as Raphael Soifer of Brown Brothers Harriman, think Citicorp merely cannot afford to increase its reserves — it would do so if it could.

Wrong decisions. There is also concern about two lots of fast-growing problem domestic loans. These are commercial-property lending and highly leveraged transactions (HLTs). At the end of last year Citicorp had non-performing property loans of \$1.2 billion out of a portfolio of \$12.6 billion. Reed says problem loans will continue to grow this year but the situation is not yet as bad as in 1974, America's last big property bust, and that the bank's lending is well spread geographically. Some analysts fear that, after federal bank examiners visit the bank in June, declared bad loans will have to be doubled to \$2.4 billion.

The HLT portfolio of \$7.9 billion is also substantial. Last year Citicorp was lead banker to the abortive management buy-out of United Airlines at a price about double the airline's current share price. Tom Jones, Citicorp's chief financial officer, says that three of the bank's four worst problem HLT loans have been written off to some extent. Citicorp's non-performing loans in this area will rise to \$695 million at the end of the first quarter following the bankruptcy of Campeau, another leveraged buy-out in which Citicorp was lead banker.

Such credit problems are not the end of Citicorp's troubles. The bank has made some lousy investments of late. It lost \$500 million buying and



CAN REED FULFILL HIS DREAMS?

then shutting Scrimgeour Vickers, an amalgam of two once highly rated London stockbroking firms. This costly flirtation coincided with an even more extravagant investment in Quotron, an equities information service for money managers on which Citicorp has spent some \$1 billion but has yet to show a profit. It now does not expect to until the mid-1990s.

Citicorp says Quotron remains a "core component" of its stand-alone information business. This was described by Reed in the 1989 annual report thus. "In the late 1980s we started an information initiative as a way of reaching out to the market and to embrace future delivery modes." Sosnoff says Reed sounds like "a colonel in the Pentagon explaining Irangate." But behind the jargon there is some sense. The worlds of finance and information have converged. Managing information may be the biggest banking challenge of the 1990s.

Enhanced telephone. In Citicorp's case the convergence has so far had more impact in consumer banking. Examples are automated teller machines and an enhanced telephone to be launched in New York later this year. This gizmo will let customers pay bills and transfer funds from their armchairs. Citicorp hopes it will prove more acceptable for home banking than using personal computers has proved.

This is the sort of kit which has put Citicorp in the vanguard of retail-banking technology and helped its consumer business to grow big enough to let it bankroll nearly everything else. In 1989 Citicorp made \$842 million from its consumer business or 49% of total earnings before reserves, even after absorbing a \$70 million loss at its Arizona bank. This is impressive. The consumer bank was established only 15 years ago and had still to earn a cent by 1980. It was Reed who built the consumer bank with Richard Braddock, Citicorp's new president who since 1981 had looked after credit cards.

Citicorp's goal is for the consumer business to be contributing 65% of total profit of \$5 billion by the mid-to-late 1990s. To achieve that it is investing \$1 billion a year; \$600 million on marketing new products and \$400 million on systems. The focus will remain on the broad middle market. This will be reached in three ways, via branches, credit cards and mortgages.

A bigger opportunity is seen in Europe, which is a faster-growing banking market than America. Citicorp has 300 branches in West Germany and 100 in Spain. It has scant presence in France and Britain, where its money shops of the 1970s were a flop, but its experience in building a national bank across state lines in America may be useful in Europe after 1992. — *The Economist.*

KOHL: THE CRISIS MAN

China's strong man Deng Xiaoping called him *Lao Pengyou* ("old friend") and wisecracked that if the "sky were to fall it would first come down on the giant." That was nearly four years ago in Beijing when the "giant" in question, Helmut

Kohl, the West German Chancellor, posed with the pint-sized Deng before journalists in the Great Hall of the People.

The world had, then, not the slightest inkling that Eastern Europe, a few years later, would go through upheavals that would upset the political and military balance-of-power and wipe away the great divide between East and West.

Survivor. Now in the eighth year in office, Chancellor Kohl has survived several small and not so small crises both at home and abroad. "The problem with this man is that he has an insatiable urge to talk and act in a manner which can upset people and create ripples of anger and disquiet both at home and abroad...and in spite of smashing a lot of porcelain, he has been lucky to survive the crises...Dame Fortune has been smiling at him," comments a German analyst who has observed him at close range.

KOHL HAS THE PEOPLE'S CONFIDENCE

Indeed, Kohl's handling of some domestic and foreign policy issues has raised furores in the past and still continues to do so. "He has done a great disservice to the national interest by making remarks about Gorbachev," commented the social democrat deputy parliamentary chairman, Horst Ehmke, some years back at the height of the controversy flared by Kohl's interview in *Newsweek* in which he described Gorbachev's winning ways as a public relations ploy analogous to that of the Nazi master propagandist Josef Goebbels. Bilateral Soviet-German relations had then plunged to an all-time low and it was the painstaking and patient repair work done by German President Richard von Weizsacker and Foreign Minister Hans-Dietrich Genscher that restored normalcy. Or take the shoddy manner in which he carried out his differences with the former secretary general of his party the Christian Democratic Union (CDU), Heiner Geissler, who was eventually booted out.

Remarkable insensitivity. Kohl has also angered the Americans when he disclaimed last year that he had knowledge of the involvement of private German companies in helping Ghadaffi's Libya produce chemical weapons although he had been warned by Washington; Kohl has also shown remarkable insensitivity in dealing with other European leaders like French President Francois Mitterand or British Premier Margaret Thatcher over the question of German unification, not to mention the Dutch, the Poles, the Danes and others.

A leading German daily caricatured him as what the Germans call an *Elefant in einem Porzellanladen* (the German equivalent of the "wild-bull-in-the-China-shop" metaphor) to highlight his clumsy handling of the delicate issue of the western borders of Poland in the wake of the impending unification of the two German states. Kohl kept on dodging the question of giving formal guarantees to Poland on the inalienable sanctity of its western borders, the Oder-Neisse-line, and kept on harping, much to the chagrin of the Warsaw Pact states and the western states alike, that such a guarantee could be given only by a unified and democratically elected German parliament; this argument did not appear convincing to many at home and abroad and in the end he gave in to pressure and made a compromise statement to defuse the controversy which, at one point, had come close to threatening his party's coalition with the Free Democratic Party (FDP) in Bonn.

Kohl, who recently celebrated his 60th birthday at the glittering reception hosted in Bonn by his party, is a burly 6 ft.2 inch and carries a broad and heavy frame. He was born in Ludwigshafen in the catholic state of Rhineland Palatinate. He was the minister-president of that state from 1969 to 1976 and CDU's floor leader in the German parliament from 1976 to 1982. He was elected Chancellor in succession to the social democrat Helmut Schmidt in October 1982.

Described as a stubborn and no-nonsense man, who makes no bones about his likes and dislikes, Kohl is often referred to as the "grand-son" of former Chancellor Konrad Adenauer, the man who raised the devastated, charred country from the ashes of the Second World War and fathered the *Wirtschaftswunder* ("economic miracle"). Kohl puts emphasis on old German values like hard work, law and order, thrift and family; people who have worked with him say that he is "warmer" and more cordial than his predecessor, the phlegmatic and cool Helmut Schmidt.

Kohl has shown remarkable tenacity and perseverance that have carried him through the crises plunging his two terms of office.

Under this government, the Federal Republic of Germany has gone through a period of economic boom, a bullish investment activity, a strong and stable D-Mark, a string of surpluses in the country's trade account, a steady rise in the level of prosperity during the past eight years of his office — achievements which are impressive by any standards and would turn many Western leaders green with envy. Although inflation has been, lately, showing signs of an upward surge, and the rate of unemployment has not yet come down to an acceptable level, the country's economic health is in good shape and is documented by the investor's confidence in the Kohl government's economic policy. — *Manik Mehta*

CHINA LURES FOREIGNERS

Proposed changes in guidelines for Chinese-foreign joint ventures, though generally welcomed by the foreign business community in China, fail to address the fundamental problems these ventures face. Zheng Tuobin, minister of foreign economic relations and trade, presented the amendments to the National People's Congress in end-March. The proposals are expected to be passed into law without any opposition.

The most important of the amendments to the 1979 law on foreign joint ventures appears to be the elimination of the time limit on foreign contracts, according to foreign businessmen and other analysts. The maximum period of a foreign contract is 30 years after which the business normally passes into Chinese hands.

Unlimited time period. Few contracts of that length have been awarded: the National Council for US-China Trade says the average contract for foreign joint ventures is about 14 years. Only eight of the 162 Chinese-American joint ventures surveyed in 1986 by the council had 30-year contracts.

Analysts say the government wants to grant an unlimited time period to foreign joint ventures in an effort to fuel foreign investment. Foreign companies have become increasingly reluctant to invest in their operations as they approach the end of their contracts, and Chinese officials are worried about the impact of this lack of investment in the economy. Further, many of the joint-venture contracts signed shortly after China opened up to foreign investment expire in the next few years.

Nonetheless, it is unclear how many foreign companies will renew their contracts. "It is potentially an important change, and some contracts will be extended,"says John Frisbie of the National Council for US-China Trade. "But it is too early to tell what impact it will have on most joint ventures."

In another amendment, the nationalising of joint ventures after the termination of foreign contracts is to be stopped, except in exceptional circumstances in which "appropriate compensation shall be made."

Also, a foreign partner for the first time will be allowed to become chairman of a joint venture's board. Analysts, however, say this proposal is unlikely to have much significance because the boards of most foreign joint ventures are usually tilted in favour of Chinese partners.

These amendments "demonstrate China's commitment to its open-door policy and is conducive to improving the country's investment climate," Zheng told the parliament.

Foreign exchange problems. But major problems not addressed by the amendments are the long-term problems foreign joint ventures are experiencing in meeting foreign-exchange expenditures and high production costs resulting from the difficulty of sourcing supplies of raw materials and components.

Balancing foreign-exchange accounts is a major problem for joint ventures because of the inconvertibility of the renminbi. Foreign businessmen have been arguing for a revision in the provision that requires joint ventures to be self-sufficient in meeting their foreign-exchange needs.

Many joint ventures, particularly manufacturing operations that have had to import foreign machinery and cater mainly to the domestic market, have been unable to generate enough foreign exchange to meet operating costs. To complicate matters, these ventures have recently had few lines of renminbi credit to tap because Chinese banks have been squeezed by an austerity drive that began in late 1988.

Chinese authorities, however, have pledged to improve supplies to the foreign joint ventures. With state enterprises having priority access to raw materials and components, joint ventures have had to scramble for supplies.

The ministry of materials and equipment has formed service companies to supply foreign joint ventures, but officials do not expect to meet demand for at least another two years. — *Far Eastern Economic Review.*

NEWS BRIEFS

■ Novell's shareholders have filed a law suit against the proposed merger between **Lotus Development** and **Novell**, which would create the world's largest independent micro-computer software outfit.

■ **Kerry Packer**, the Australian media man, has withdrawn a hostile takeover bid for **Bond Media**, a national television station operator that is part of Alan Bond's corporate empire.

■ 15 leading western nations have got together to propose major limitations on **bank secrecy** to clamp down on money laundering.

■ Canada will shortly unveil a strategy to convert the General Agreement on Tariffs and Trade (**Gatt**) into a full-fledged world trade organisation. A fundamental element in the proposal would be a new system of settling disputes which eliminates delays and blockages.

■ Deutsche Bank, West Germany's largest financial institution, has signed a letter of intent to set up a joint venture bank with the East German **Deutsche Kreditbank**, the former state banking monopoly.

■ **Dataproducts**, the US computer printer manufacturer, has agreed to a \$160 million takeover by **Hitachi**, the Japanese electronics group.

■ **Daily Mail & General Trust**, the UK newspaper group, has launched a £8.9 million recommended cash offer for **Hobsons Publishing**, a Cambridge-based group.

■ **Pepsi-Cola** International has signed an accord to begin operations in **Burma**, with production scheduled to commence by the year's end.

■ **Chrysler Corp.** has agreed to recall 72,000 of its 1983 vehicles because they fail to meet federal emission standards for carbon monoxide and hydrocarbons.

■ **Sony Corp.** will manufacture television picture tubes at a plant in Pennsylvania as the first step of its plans to invest between \$500 million and \$1 billion in the US in the next few years.

Gathering darkness
A quiet evening together
An unspoken thought
And it's time for cocktails.*
Binnie's
Aristocrat
Cocktail Snacks
Aristocrat. Its what the good life is all about.

ALL SHADES OF GREEN

The problem with Indian agriculture is not of oversupply, but poor demand, say critics of the country's green revolution

What one thinks about the performance of Indian agriculture depends on where one sits at the national dinner table.

Here's the view from the side of the optimists. India, they point out, is a rarity in the Third World: it is not dependent on food aid. Per capita supplies of food have been raised despite the failure of the population programme. Besides, the country's irrigation network has substantially insulated it from the vagaries of the weather: the great drought of 1987 was almost a non-event when seen in the context of the previous ones. The humble Indian *kisan* has not proved to be risk-averse, if the gusto with which he has taken to new farming techniques is any indication.

Barring minor blips here and there, agricultural prosperity is here to stay. Farm exports are booming, the oilseeds technology mission has succeeded in curtailing the country's need to import vast amounts of edible oil, agro-processing industries are expanding and indigenous advances in biotechnology will help continue the exponential growth in production.

REGIONAL DISPARITIES

Hogwash, say the doomsayers. The green revolution prosperity has bypassed many, and millions in rural India are worse off today than they were two-and-a-half decades ago. The bright national picture, according to them, masks extreme regional disparities in agricultural production and rural incomes. The surpluses stored in godowns mean the poor are not getting to eat them. In addition, they note, the poor in eastern, central and parts of southern India are poorer today than before because agriculture has not progressed in these areas.

The number of landless and those with holdings too small to feed themselves has more than doubled over these years. The poor in these areas live desperate lives in slums or scrabble out an existence without a future in their villages. Agricultural development is for the rich, and government investments, subsidies and research funds flow to the high-production areas while bleeding the dryland central region and the alluvial plains of the east. The choice of food produced is for the rich too, they note. Not pulses and millets, but rice, wheat, milk, eggs and the fats consumed by the wealthier Indian is what is coming to the dinner table.

The truth, as usual, lies somewhere in between.

Agricultural production has grown at roughly 2.6% per annum in the 25 years since the introduction of green revolution technology in the country. With production growth staying ahead of population growth, the per capita availability of foodgrains has been going up at the rate of half per cent per year in this period.

Increases in production in this period have been paralleled by surpluses that have been used to extend the national public distribution system and to maintain buffer stocks for low production years. Large-scale imports have thus not been needed in recent years.

Extraordinary increases in wheat and then rice through the introduction of high-yielding varieties of seeds have been the basis of the ability to keep food production ahead of the population's propensity to gobble it all up. Wheat grew by over 13 million tonnes (mt) in the 10-year period 1962-73 and by another 14 mt during 1970-83. Total production in this 20-year span increased from 11 mt to 45 mt, with an exceptional crop of 54 mt in 1988-89. The production of rice, India's major foodgrain, rose by only 3 mt in the 1962-73 decade but by nearly 10 mt in the next one. Total production in 1982-83 was 60 mt while it was 35 mt in 1963. The area under high-yielding varieties of these two crops increased from 18.5% to 47.7% of the total cultivated area for rice and from 42.9% to 74.6% for wheat.

Though T.V. Sampath, commissioner in the ministry of agriculture,

INDIAN AGRICULTURE: THE DEBATE RAGES

notes that cereals as a whole have grown at a higher than average rate of 3.14% per annum, coarse cereals have not increased significantly in output. And in spite of maize production increasing over the past few years, there are large year-to-year variations as it is being grown under adverse conditions on unirrigated land. Jowar and ragi have shown increases in yields, but this has been negated by the decline in the area under these crops.

Other foodgrains have not done well in production. Pulses, according to Sampath, have grown at an annual average of 1.06%, sharply below the performance of cereals. The per capita availability of pulses has been nearly halved from 60 gm per day in 1951 to 36 gm in 1989.

ERRATIC PERFORMANCE

The largest increases in production in these decades has come from the north-western states of Punjab and Haryana and more recently from western Uttar Pradesh. In the first decade after the introduction of green revolution technology, these states, three more southern states and West Bengal, Rajasthan and Gujarat did well. Though the north-western states have continued to do well, the performance of the other regions has been erratic. The eastern states, and in particular West Bengal and Bihar, have done poorly, in the second decade (1973-83). All the southern states barring Andhra Pradesh have fared badly. As for the central states, they still remain overwhelmingly reliant on the monsoon and production levels are very unstable. Maharashtra and Gujarat have fared well because of good monsoons, but not Rajasthan and Madhya Pradesh.

Because of the large regional variations in agricultural performance, over 50% of the country's increases in foodgrain production has come from the highly-irrigated north-western region, notes G.S. Bhalla, former chairman of the Agricultural Prices Commission and co-author of *Patterns in Indian agricultural development*, a district-level analysis prepared for the Planning Commission.

If one adds Andhra Pradesh and Maharashtra, 68% of the incremental output of foodgrains since the green revolution has come from five states with only 40.5% of the total cropped area, says Bhalla. Though the eastern and central states have an equal crop area they accounted for only 17% of the incremental output. The reason: the high-yielding varieties of rice failed in the humid, pest-ridden eastern areas with yields being well below those achieved in the north-west. The arid and semi-arid central and western states could not adopt high-yielding varieties because of the lack of assured irrigation.

SWAMINATHAN : GREEN REVOLUTION WASN'T ALL BAD

Not surprisingly, the large foodgrain stocks held today in wheat and rice come overwhelmingly from the north-western region. C.H. Hanumantha Rao, professor of agricultural economics at Delhi University's Institute of Economic Growth, notes that the three states of Punjab, Haryana and Uttar Pradesh contributed 86% of the rice and wheat procured in the years 1979-81.

This lopsided growth is reflected in district-wise data, notes Bhalla. In the first decade after the introduction of green revolution technology, a fourth of the incremental growth came from 10 districts, half from 34 districts and three-fourths from 76 such districts. In contrast, 139 slow-growth districts with 40% of the gross cropped area had only a quarter share in the total production increases. The situation hasn't changed much since then.

It is against this backdrop of large increases in production and the yet large regional imbalances in agricultural development that one has to evaluate India's agricultural performance over the controversial past two-and-a-half decades.

Few disagree that green revolution technology was successful in increasing foodgrain production. As M.S Swaminathan, the eminent agricultural scientist, notes: "The green revolution is a term used for land-saving agriculture; that means production advances come from yield improvement and not from area expansion. Because high-yielding varieties were grown with appropriate amounts of water and nutrients, they were able to increase the productivity of wheat and rice substantially. In fact if you look back on the last 25 years, if we had remained at the yield levels of 1965, we would have required nearly 40 million hectares more to produce the quantities of rice and wheat we now produce."

To the country's policymakers, one of the major benefits of the high growth rate in the marketed output of foodgrains has been that expensive and politically-sensitive imports of foodgrains have not been needed to tide over the dislocations caused by periodic droughts and large fluctuations in total foodgrain production (foodgrain imports in the fifties and sixties were of the order of 3 mt each year).

But not everyone thinks foodgrain *nirvana* has been achieved. One of the most sobering assessments comes from Hanumantha Rao. In a book written just after the severe drought of 1987, *Unstable agriculture and droughts*, Rao notes: "The regional concentration of output and procure-

PEASANT MOVEMENTS

"There is a cost crisis here," says Shyam Vir Rathi, the Communist Party of India's (Marxist) district secretary for Muzaffarnagar, the prosperous sugarcane and wheat growing area of Uttar Pradesh and home of *kisan* leader Mahendra Singh Tikait.

This is one of the areas of the country that speaks of India's agricultural miracle. There are numerous tractors here; bulky, well-fed buffaloes in stalls; cross-bred cows on the streets; hoardings for Chandchaap, Shaktimaan, NFL and Sardar fertilisers; advertisements for mopeds and scooters; vast pipes of dung; and brick houses with fresh coats of paint.

The fields were green with young winter wheat or with heavy stands of sugarcane a few months back, when this writer visited Muzaffarnagar. But Rathi and many other people who live here say that the prosperity is superficial. Some 80% of Muzaffarnagar's farmers are heavily in debt and are being inexorably squeezed by escalating input costs and falling crop prices.


SINGH ARGUES FOR BETTER CROP PRICES

These are points being forcefully stressed in other prosperous agricultural regions of the country, too. Vocal and well-organised *kisan* movements in Maharashtra, Gujarat, Tamil Nadu, Karnataka and western Uttar Pradesh last year gheraoed industrial estates, ground district administrations to a standstill and, in Delhi, forced the then ruling Congress party to search frantically for an alternative site for its mammoth 31 October rally.

The farm movements' influence in the parliamentary elections was not as significant as expected, but the same cannot be said about future elections. These movements have increasingly, over the past 15 years, influenced national policies that impinge on the agricultural sector and this has never been more evident than with the current Janata Dal government and the influence of deputy prime minister and agriculture minister Devi Lal.

In consonance with the demands of these movements, the Janata Dal has committed itself to waiving agriculturalists' loans (the recent budget has already made a move in this direction), reviewing support/procurement prices for agricultural crops, and correcting a perceived bias against rural India by directing half of all government expenditures to this sector.

Precondition. The point about all *kisan* movements is that these have strong roots in regions which have benefited from the green revolution package of irrigation, high-yielding varieties of wheat, rice and some cash crops, and fertiliser and insecticide use. Analysts have noted that one of the preconditions for these movements gaining strength is that a majority of agricultural households should be involved in producing for the market. "Surplus generating commercialised regions, with both large and small farmers producing for the market, seem to be fertile ground for such movements," notes M.V. Nadkarni, an economist and author of *Farmers' movements in India* (Allied Publishers, 1987).

Farmers like Master Daryab Singh of Amirnagar village in Muzaffarnagar district lend numerical strength to these movements. Daryab Singh owns 30 *bighas* of land, making him a middle peasant by western Uttar Pradesh standards. He is a prominent figure in the Bharatiya Kisan Union headed by Tikait, and the problems he speaks of are similar to those that drive the protests of Sharad Joshi's Shetkari Sanghatana in Maharashtra, the Kheduts in Gujarat, and the Karnataka Ryot Sangh.

Singh cuts sugarcane and plants wheat in his fields when not teaching history at the high school in Amirnagar. He is in his fifties and has four adult sons. The cane grows thick in his fields and it's fed by a tubewell housed in a white shed. He also owns a tractor. Singh says that his father had 300 *bighas* and five sons; each inherited less than 60 *bighas*. His four sons, all with masters' degrees from local colleges, will inherit smaller portions. These holdings will be "uneconomic" and there is at present no potential for developing rural industries, notes Singh.

He argues that only better crop prices can offset the high cost of seeds, fertiliser, pesticides, electricity and diesel that he must buy to produce large quantities of sugarcane and wheat. Wheat is no longer economically attractive; it is grown only to feed his own family. Sugarcane is the only crop with some returns, he says, but government policies to enrich the large sugarmill owners have in the past five years already bankrupted small crushers owned by the *kisans* themselves.

Singh says that a plough costs Rs 3,000 and a trailer Rs 7,000. A second-hand tractor set him back by Rs 25,000. Officials at the government's credit agencies "eat half the money they give you, whether you are a *kisan* or a Harijan," he alleges. And he can no longer hire labour as they prefer to work in the brick kilns or in towns.

Terms of trade. Rathi of the CPI(M) says that "these are the demands of a section of farmers. But

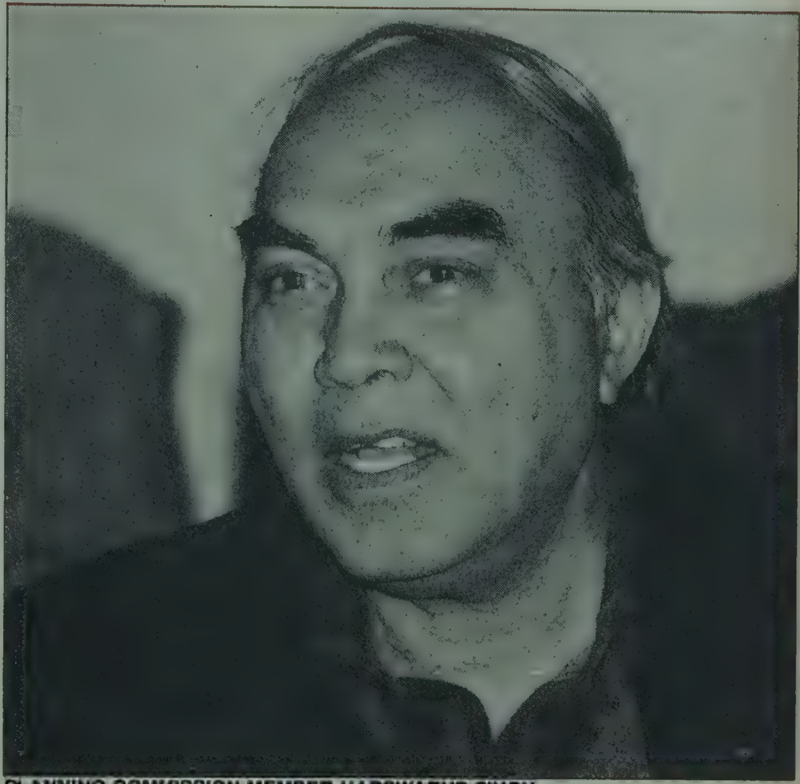
we support them because they affect all farmers." The perceived grievances are to a great extent real, say most commentators. The terms of trade have shifted against agriculture since the late seventies, though this decline has not reversed the general trend since the sixties for more favourable terms of trade for agriculture. The deterioration has, however, coincided with the slowing down of increases in production seen in the last decade.

Farmers producing for the market have thus begun to fear a slowdown of gains or even a cut in earlier gains. All farmers producing crops for the market will be affected, say economists, but the decline in crop prices relative to inputs or manufactured items will hit the smaller farmers particularly hard.

The finance minister's scheme to write off loans upto Rs 10,000 will benefit small farmers in Muzaffarnagar district who would have taken these loans for fertilisers, seeds and tubewells. Loans taken by the rural poor for buffaloes and horse-drawn trailers would total up to Rs 5,000, says Rathi. But there is yet a strong suspicion that the vast stretches of rural India which have been missed by the spread of irrigation and the green revolution won't really benefit much, either from the writeoffs or by moves to offer higher prices. K. Balagopal, general secretary of the Andhra Pradesh Civil Liberties Committee, notes that the "visible agitations of the middle and rich peasantry have obscured the protests of the rural poor. They have been missed because of the self-imposed preoccupations of economists."

Nadkarni notes in addition that "it suited the farmers with a net surplus to demand higher prices. But they showed little evidence of genuine interest in the basic market problems that affect the bulk of the farmers. Such struggles on real market problems would have helped the more disadvantaged farmers. Instead, the struggles on price issues concentrated on raising procurement and support prices and reducing the prices of industrial and government inputs — issues which bring benefits mostly to the elite farmers."

ment and accumulation of stocks is symptomatic of the growing imbalances in the foodgrain economy of the country. In the agriculturally lagging regions such as eastern India, the incomes of the vast majority of the people are stagnating and their purchasing power falling. These regions are also characterised by demographic pressures, increasing marginalisation of holdings, growing landlessness and poverty."


PLANNING COMMISSION MEMBER HARSWARUP SINGH

According to Rao, the larger marketed surpluses of foodgrains are not necessarily a sign of prospering agriculture. Rather, the surpluses are the end-result of a structural transformation in Indian agriculture through which the rural consumption of foodstuffs has fallen and has appeared as "surpluses" in the urban market.

He writes: "Although the rate of growth in foodgrain production in the pre-green revolution period was not lower than in the post-green revolution period (even in per capita terms) it did not generate enough marketed surpluses of foodgrains in relation to the demand in the non-agricultural sector because of larger consumption of foodgrains within the rural sector itself on account of greater labour absorption within agriculture, and a more even regional development which led to greater consumption within the low-income regions.

Rao's thesis is supported by Bhalla's exhaustive study of Indian agricultural development since the sixties. Bhalla says that the marked changes in regional productivity as a result of the introduction of green revolution technology have had a parallel impact on agricultural incomes, ranging from prosperity in the high-growth areas to declines in per capita incomes in areas where low or stagnant production levels have been outstripped by increases in population.

According to Bhalla, the significant national increases in labour productivity — the main determinant of living standards among the agricultural workforce and their dependents — have not been shared equally. Labour productivity and wage levels have risen sharply in the few high-growth regions of the north-west and the Krishna-Godavari belt in Andhra Pradesh, but have stagnated or fallen in those areas that are home to the great proportion of the people of India.

The primary reason for the success of the north-west and the few other high-growth areas has been the sustained attention given to increasing irrigation and supplying the green revolution inputs at highly subsidised rates, claims Bhalla. Says a senior government official concerned with agricultural planning: "15 districts give the bulk of agricultural output in India. These districts didn't do it by magic. They did it because of government support."

Initially, it made a lot of sense to help these regions. "In view of the pressing need of the economy to achieve self-sufficiency in foodgrains, it was understandable that efforts should be concentrated on regions which were adequately served with assured sources of irrigation and where the farmers were well-endowed in terms of resources for investment.

Besides, there was a favourable institutional framework providing the necessary incentives for investment and effort," says Hanumantha Rao. However, government initiatives in irrigation, farm input and price support have since then continued to focus on these areas.

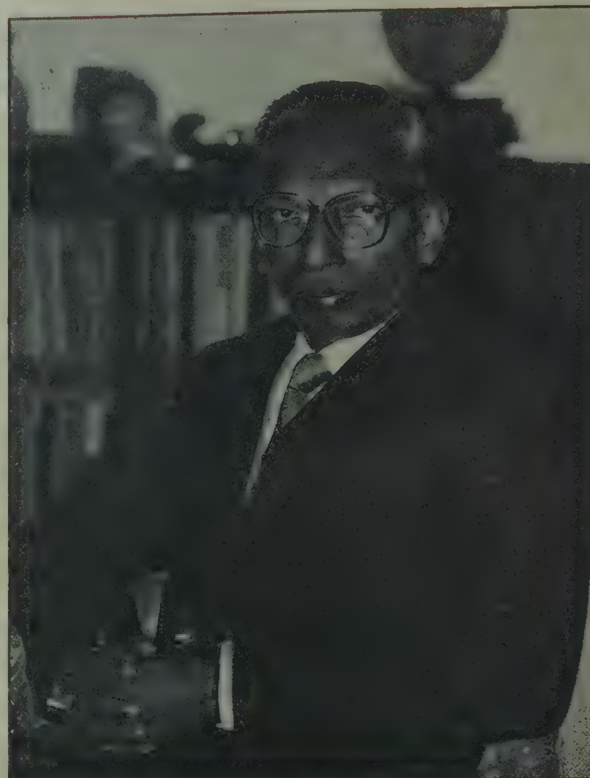
Bhalla concludes that "The main cause of inter-state inequality in productivity levels and yield growth rates is the disparity in the availability of assured means of irrigation and consequent intensity in the use of modern inputs like high-yielding varieties of seeds and fertilisers. Again, it is apparent that it is the better-off regions which have appropriated relatively larger shares of modern farm inputs..."

The most deleterious effect of this concentration of both growth and resources, according to many economists and planners, has been on agricultural employment and incomes. "It would be a development in the right direction if a much larger incremental output could emerge from the low-productivity districts or from districts which have a higher number of agricultural workers per hectare," says Bhalla. "But the developments in Indian agriculture have been just in the opposite direction."

Such developments make many question the prevailing view that Indian agricultural growth is healthy at its roots. To some, the structural weaknesses evident today are an outcome of over-reliance on the high-cost, low labour-absorbing green revolution technology. Others feel that the problems are the result primarily of political and policy failures and not so much of the green revolution technology itself.

Says Abhijit Sen, associate professor of economics at Jawaharlal Nehru University, Delhi: "The regions without growth are the casualties of the green revolution strategy adopted by us rather than of the technology itself. We have tried to grow everything in the better-off regions in neglect of the poorer ones."

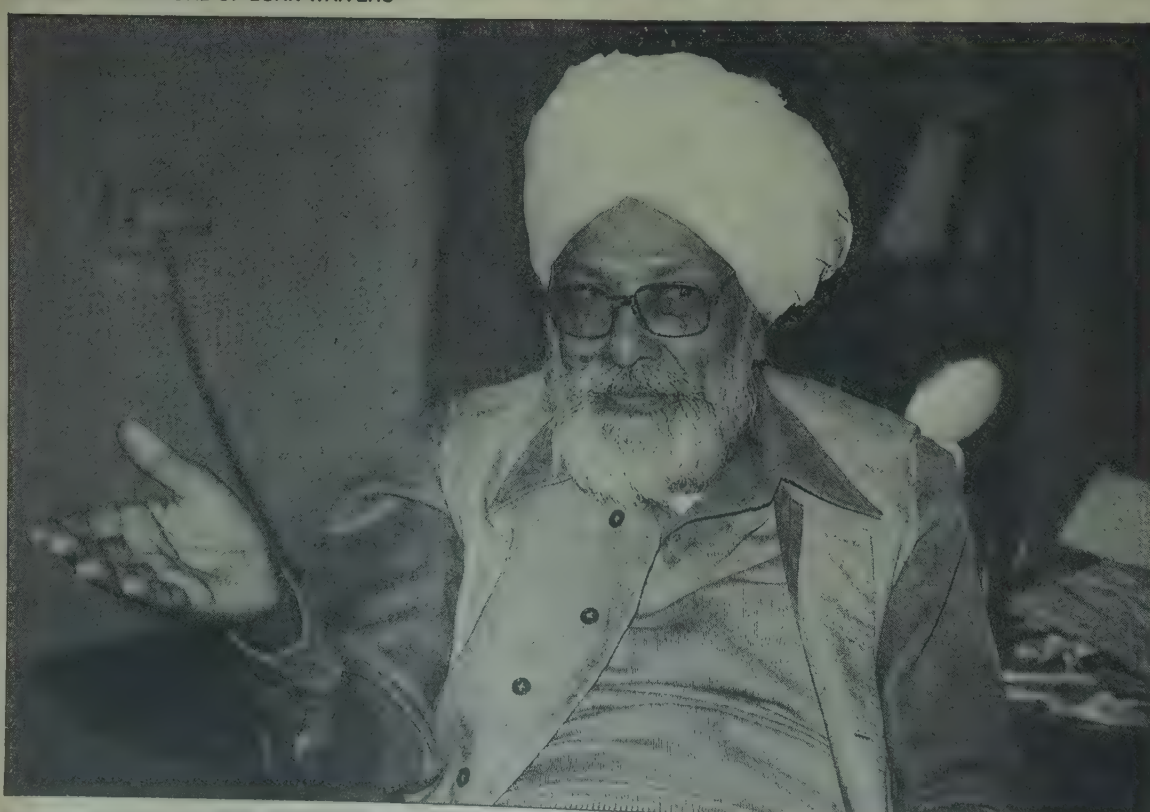
Sen feels the result of this misplaced concentration in growth is that the agricultural sector is today the most serious constraint to Indian economic development, even though it is often thought to be a success. He notes that the "glut" in production is true only for wheat and even somewhat less for other cereals, but not at all for other important crops such as pulses and oilseeds. Besides, "the present pattern of regionally-concentrated agricultural growth has meant that fertiliser requirements per unit of marginal growth are very high and this is another area where domestic capacity is short of domestic consumption."



RAO WILL BE REVIEWING PRICING METHODOLOGIES

Moreover, the large stocks of foodgrains reflect a "demand problem" rooted in growing rural poverty and worsening income distribution. Sen points out that it is this failure to raise rural incomes that has constrained the demand for manufactured goods. "Quite clearly, it can plausibly be suggested that the economy is currently in the throes of a generalised demand problem in both existing industry and agriculture; and it is this which explains both why agricultural growth is not perceived to be a constraint and why export growth is seen to be a solution."

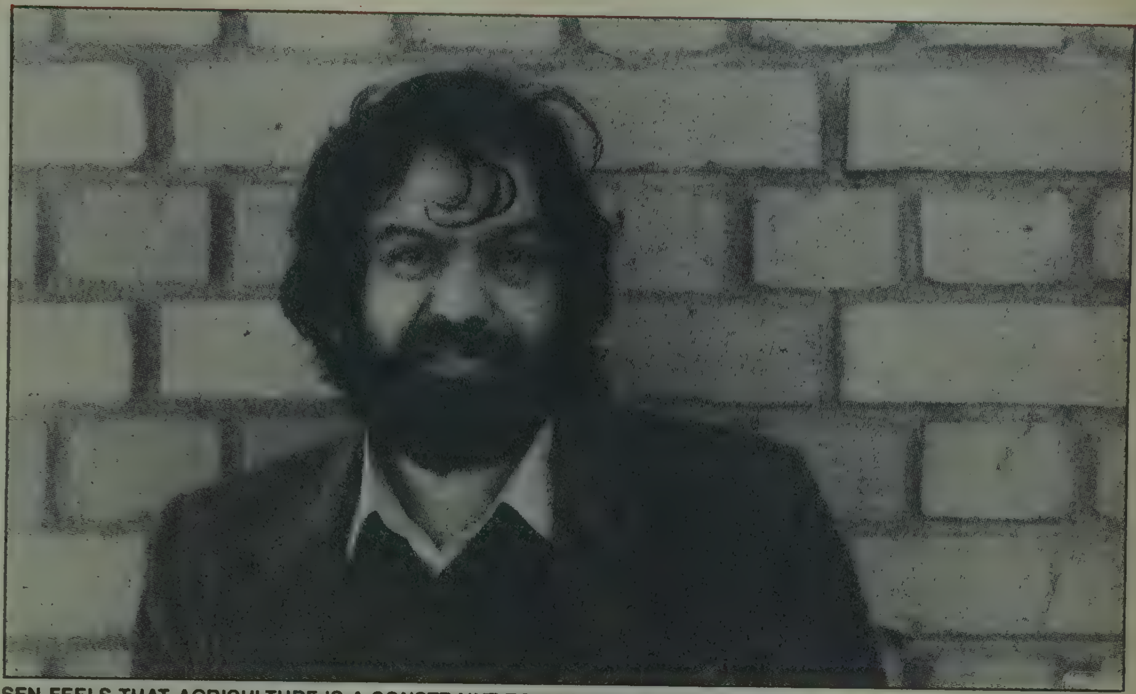
SURJEET IS CRITICAL OF LOAN-WAIVERS



MAJOR FLAW

Apart from the few high-growth regions, other areas have not been served well by national agricultural policies over the past two decades for a variety of reasons. One major flaw, says Sen, is that land reforms have not been carried out. "The whole issue of land

reforms has been shelved and we are now looking for a technocratic fix," says Sen. "We don't realise that we are just putting ourselves into a straitjacket. It is precisely those areas which benefited both from government investments earlier and tolerable land reforms in the fifties that are doing well today in agriculture."


SEN FEELS THAT AGRICULTURE IS A CONSTRAINT TO ECONOMIC DEVELOPMENT

A connected problem is the government bureaucracy's obsession with production, and especially that of fine cereals like rice and wheat (instead of coarse cereals that are suited to India's underdeveloped arid regions). "You'll find this prejudice against coarse cereals in all our policies," says one government official.

Amiya Bagchi, director of the Centre for Social Studies in Calcutta, says that international agricultural research organisations have not been interested in doing research on crop varieties suited to arid or very humid areas. The Indian government has failed on this score too. "There is a whole political economy behind this," says Bagchi. "We could have used many more medium-yielding varieties of rice and bajra which would be more suited to many environments in India, but these have been held up by the contrary thrust of the agricultural department."

Despite the promised new emphasis on agriculture by the V.P. Singh government, most academics and policymakers feel that too much should not be expected, particularly in remedying the deep-rooted problems of regional disparities and poor employment generation in agriculture. Says Swaminathan, "You read one plan after another and the rhetoric is very high as far as paying tribute to agriculture and rural areas is concerned. The actual allocation is inversely related to rhetoric."

Agriculture minister Devi Lal and other members of the new government have committed themselves to three new initiatives on agriculture. First, fully 50% of government plan expenditure is to be directed to agriculture and rural development, says Har Swarup Singh, a new appointee to the Planning Commission and a friend of Devi Lal. Singh was vice-chancellor of the agricultural university at Hissar in Haryana before he took up his current appointment.

Second, says Singh, support and procurement prices for agricultural crops will be reviewed to offer more remunerative prices. A five-member advisory committee to review the methodology used to set agricultural prices has been constituted under the chairmanship of Hanumantha Rao. Third, the government has already committed itself to waiving loans of farmers upto Rs 10,000.

CONTINUING POLICIES

Yet, it seems likely to many that the government's emphasis on agriculture will, in practice, mean little more than continuing current policies that have enriched certain regions to the detriment of others. Amiya Bagchi says that the waiver of loans will benefit the rich regions disproportionately as the bulk of the credit has flowed to these areas. The proposed increase in agricultural prices will also benefit large and medium farmers who have surpluses to sell, and not the bulk of the agricultural sector which must buy foodgrains from the market. "I'm afraid the Ludhiana school of economics has pushed the case of the richer farmers without bothering about the overall balance of the economy on the situation of the rural poor," says Bagchi. Harkishan Singh Surjeet, politburo member of the Communist Party of India (Marxist), maintains that better agricultural prices will benefit the rural sector as a whole, but criticises the decision to waive loans. "This is just a populist slogan without any idea of the repercussions in other areas," says Surjeet.

The move to raise crop prices and to waive loans "is essentially reactive" to the decline in agriculture's terms of trade since the late seventies, says Abhijit Sen. "The agricultural sector has suffered a price squeeze and has been through several years of high costs, bad output and bad pricing. The government is reacting to this felt need. It's very understandable, but it is not the correct thing to do." Adds Sen, "If agricultural prices are not rising, it means that demand is not growing. In the Indian situation, this means you need to improve your employment programmes and policies."

But with the foodgrain stock down after the 1987 drought, the ministry of agriculture's prime concern remains increasing production. "Would you not say that the concept of surpluses is outmoded by two years?" asks C.S. Sastry, former secretary in the agriculture department. "Until 1985-86, the prevailing view was that the production graph would go up and up. But at the moment the problem is once again to stimulate production, not how to stimulate demand."

The great paradox of Indian agriculture — food mountains and hungry mouths — may thus continue to be around for some time.

■ *Siddharth Dube*

KASHMIR AND THE WORLD

If the present Indo-Pakistan "crisis" has a distinguishing feature separating it from all the other earlier ones, it is surely that it has been "internationalised" in a very special sense. Despite Pakistan's feverish bid to mobilise support for a discussion of the issue in the UN Assembly, frantic lobbying to extract an unqualified American endorsement of its stand, and pressure on the Arab bloc to line up obediently on the Pakistan side of the fence, none of these things has happened. True, the professional India-bashers have dutifully made the noises expected of them. Echoing the brief received from the Pakistanis they have described the Indian presence in Kashmir as a "military occupation" and called on New Delhi, as the "world's largest democracy," to live up to its "principles" and arrange for a settlement through "the ballot box."

That is a demand made familiar by Islamabad's repeated and not unsuccessful exploitation of it in the past. Whenever the Kashmir issue surfaced, it was a formula on which Pakistan could depend to manipulate international feeling and opinion in its favour. Additionally, in the pre-Gorbachov days there were, as the Americans saw it, substantial political reasons for lending weight to a formula that suited Washington's interests.

Pakistan was seen as a reliable ally in the "containment" of the Soviet Union, a role in which it was reinforced by the Afghan crisis, and it was on this basis that the famous "tilt" took shape, conditioning American opinion to take a kindly view of Pakistani demands in Kashmir and, in turn, confirm it in its assessment of India as a Soviet agent and the recipient of generous military aid from Moscow. Over the years this reading of the subcontinent acquired, for the Americans and through them for much of the rest of the world, the persuasive quality of a *mantra*. Islamabad had only to invoke it whenever it was convenient to do so to create an international climate biased in its favour.

After the advent of glasnost and Gorbachov, Pakistan's old refrain on Kashmir has few takers

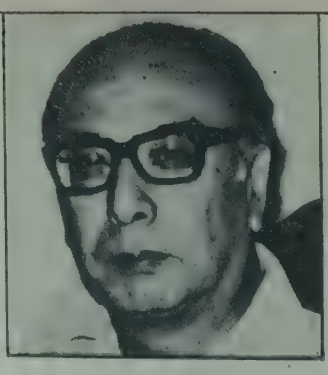
But if the present "crisis" has a message of more than ordinary interest it is not that war is hovering round the corner but that the old *mantra* no longer works.

Gorbachov's glasnost has had many disturbing, bizarre and unanticipated fallouts but none has yielded for India so constructive a note as the new "internationalisation" that has overtaken the Kashmir issue. This is nowhere on the lines on which Islamabad has striven so hard to arrange it, for the running theme in the decisive reactions to the present "crisis" from every important quarter is that bilateralism and the Simla agreement provide the only basis for an Indo-Pakistan *rapprochement*.

When the Simla agreement was signed in 1972, everyone, including the Big Two, made no more than obligatory gestures of approval. In contrast, what we have today is an eager, even anxious, endorsement of it in a new version of "internationalisation" which Pakistan clearly failed to anticipate or allow for. New Delhi has been quick, in an absurdly self-serving way, to congratulate itself on its successful "management" of international opinion. Yet the new climate in support of bilateralism, of keeping regional disputes within limits and of "brokering" for peace not war, owes little to the supposed skills of New Delhi's diplomacy.

For the first time after the war the Big Two have begun to act in concert and not in partisanship in reaction to a regional dispute that could otherwise seriously mar the glasnost transformation of the world scene. Neither Pakistan nor India, in their different ways, appear to have caught up with the significance of the events that have made this new spirit a viable political force on behalf of world stability. Not that either of the Big Two has wholly repudiated its Asian "allies" or the calculations associated with the cold war period. But the reservations have begun to appear.

Washington and Beijing called for restraint. Besides, they have recommended the virtues of bilateralism in general and of the Simla pact in particular, sending out a signal that could not have been entirely overlooked in Islamabad and New Delhi. Hence there is on both sides a peculiar mix of seemingly contradictory responses: war-like on the one hand to register "strong" leadership and appease the extremists, and placatory on the other in response to the demands of the new international climate. Thus we have had Benazir Bhutto shrieking of a thousand-year war but also assuring V.P. Singh informally that she does not want it. V.P. Singh, as vulnerable to domestic pressures as his Pakistani counterpart, has manufactured his own share of militant rhetoric while encouraged, though pointedly avoiding making too much of it, by the choral endorsement the Simla agreement has so unexpectedly received.



There are here elements that belong to theatre and reality, but with the danger of the first escalating into the second without anyone wanting it. It was to guard against such an escalation that V.P. Singh spoke of the nation being "psychologically" prepared for the worst, and it is with this motivation that Washington and Moscow have orchestrated their efforts to insure against an outcome which everyone is anxious to avoid. The point, then, uppermost in everyone's mind is not Pakistan's claims on Kashmir but crisis control. It is as a manifestation of this new feature of the world scene that the Kashmir issue has suddenly become relevant and truly "international" in a constructive way and explains New Delhi's rejection of any "mediation" on the substantive political issue.

■ *N.J. Nanporia*

The author is a former editor of The Statesman *and* The Times of India.

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THE LEVER METAMORPHOSIS

The siege is over. But Hindustan Lever, the country's biggest multinational enterprise (1989 sales: Rs 1,323 crores), may for a while have to live with a public perception of it as a besieged Goliath, courtesy Karsanbhai Patel and Nirma. So unstoppable has the Nirma juggernaut seemed in the low-price detergents segment that few have noticed that it's already happened.

Perhaps for the first time in the last five years, Nirma's marketshares have dipped below 60%. It's now around 52%. While volumes are still rising, growth has tapered off; in the prime urban markets, there has been no growth at all. Not surprisingly, the planned launches of a toilet soap and a toothpaste have been postponed time and again.

On the other hand, Lever's shares are rising strongly (currently 15%) and 1989 saw nearly 120,000 tonnes of its low-priced Wheel being marketed. Says an upbeat Siddharth 'Shunu' Sen, Lever's vice-president (marketing): "We are looking at 100,000 tonnes growth every year for a few more years — at least till 1993."

That means 400,000 tonnes or more, enough to take Sen to a close No 2 behind Patel. Not bad at all for a company that appeared to be exhibiting all the symptoms of the multinational disease in the early eighties — low entrepreneurship, declining market clout and, above all, a gross inability to manage its business environment. Nirma's conquest of the detergents market provided the final concrete proof of that.

Sen certainly doffs an appreciative hat for Patel. "The genius of Patel was that he built a brand," says Sen. And that was achieved in an era when there was no television to bolster brands. But when the Asiad brought a TV explosion with it, Patel was one of the first to exploit the medium

In meeting the Nirma challenge, Hindustan Lever has renewed itself as an aggressive marketing company

and made Nirma a national brand.

That punch in the solar plexus changed Lever. The soulsearch began in the first half of Ashok Ganguly's 10-year tenure as chairman of Hindustan Lever (he will demit office after the company's annual general meeting on 18 May), but it was only in the next half that the gameplan became apparent. Changed in a fundamental way are Lever's approach to:

■ **Manufacturing.** Gone is the old philosophy that everything must be manufactured in-house. In its search for low-cost options, Lever struck gold in the leasing of sick units. Today, a substantial chunk of Lever detergents and soaps are manufactured by companies like Stepan Chemicals (in Punjab, now a subsidiary), Union Home Products (Mangalore, Karnataka), Organic Chemoils (a leased unit in Sangrur, Punjab) and Sunrise Soaps & Chemicals (Gujarat), among other units. In 1989, third party processing and leased units contributed over 66,000 tonnes to Lever's total soaps and synthetic detergents tonnage of 370,000.

■ **Business systems & distribution.** In the low-price game, margins are slim and volumes big. "We have had to build a new business system to handle large tonnages with little frills, and working capital management has to be very tight," says Sen. Equally important, manufacturing has to get close to the customer to shorten the distribution chain. Not surprisingly, almost all new Lever factories have come up in the hinterland: Sumerpur and Orai in Uttar Pradesh, Chhindwara in Madhya Pradesh, and Rajpura in Punjab (i.e. Stepan Chemicals). To cut storage costs, the product is delivered directly from factories to wholesale depots, and this involved taking a relook at packaging and transportation options.

■ **Labour.** For a company that has not known of a lockout before, 1988 was an eyeopener. After deciding that in a competitive market it wouldn't do any good to dole out the largesse to the workforce without assurances on productivity, the Lever management clamped a lockout at Sewri (Bombay), its largest unit producing goods worth over Rs 400 crores annually (see *BW* cover story, 1-14 February 1989). The keys were brought only a year later when workers signed on the dotted line.

■ **Marketing.** With the launch of Wheel, Lever's answer to the Nirma challenge, the company is effectively rediscovering its traditional mass marketing strengths. "If people want a product," says Shunu Sen, "we will be there. The only factor will be: can we deliver a better product at a given price?"

SEN IS TALKING BIG VOLUMES

For the moment, Sen's sights are trained on the rural market. An Operations Research Group study has indicated that in many consumer products the rural market is almost as big, if not bigger, than the urban one. In soap cakes and bars, the rural market is 60.9% of the overall market; in popular toilet soaps 53%; in synthetic detergent bars 47.9% and in washing powder 38.9%. What's more, rural India's appetite is growing much faster than urban India's. In toilet soaps, demand is rising at the rate of 12.2% annually (vs a measly 1.6% for urban areas) and in fabric wash products at 15.8% (vs. 3.9%).

Lever is already taking steps to guard its flanks. With the air thick with rumours about the launch of 'Nirmabuoy' in the carbolic soaps segment, Lever has already relaunched its Lifebuoy brand (a market leader with an overwhelming 80% share).

Advertising and distribution are being pepped up to cater to the rural segment. In 1989, Lever spent a whopping Rs 24 crores on advertising, up from about Rs 19 crores the year before. To bring the products within reach, over 100 vans perambulate the countryside, covering 34,000 villages.

Though Lever executives are at pains to emphasise that none of this is a response to the Nirma threat, there is little doubt that the galvanisation of the organisation has had beneficial fallouts everywhere. In premium toilet soaps (International Lux, Pears and Liril), Lever's marketshare is a cool 20% plus, marginally below that of Godrej. In premium detergents, Surf and Rin are market leaders by a mile.

All these products were relaunched recently. But the biggest successes through relaunches were scored in personal products, where Lever has established itself as No 1 (except in toothpastes, where Colgate is champ). Lever brands (Sunsilk, Clinic and Clinic Plus) have a 40-45% marketshare in shampoos and 20% in face creams (brand: Fair & Lovely). Under V.Kasturirangan, recently promoted as vice-president (personal products), the division has scored heavily against the competition.

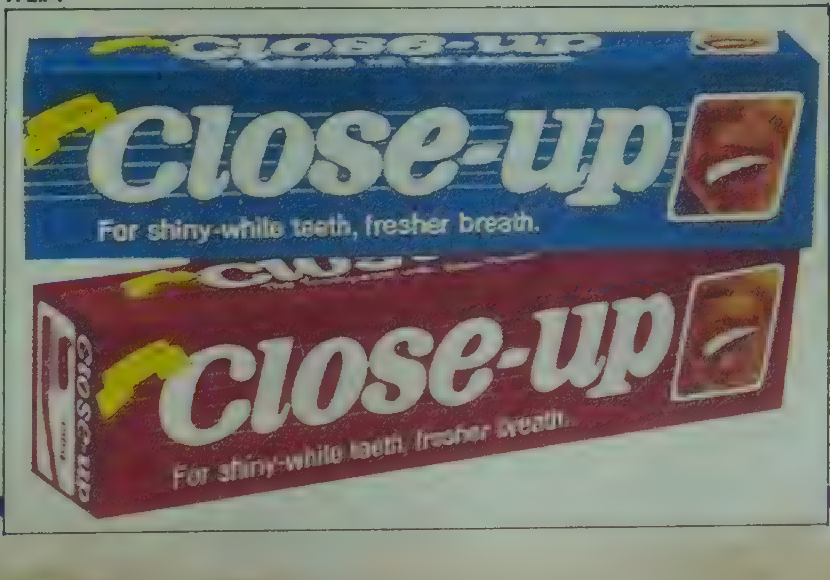
SEWRI WAS A WATERSHED FOR LEVER

Even in toothpaste, the relaunched Close-Up (in two versions) has been able to up shares from under 5% to around 7%. "The dental care market is 60% of the personal products market of around Rs 550 crores. We want to establish ourselves in this bigger market," says Kasturirangan.

He's also going rural: in all personal products, whether it is toothpaste or shampoo, Kasturirangan is pushing cheap sachets to induce trials even in low-purchasing power segments.

Aiding the entire process is Lever's strong R&D base — the largest in the private sector (1989 expenditure: Rs 4.71 crores). One reason why the company could launch Wheel was its R&D wing's ability to obtain comparable performance with a lower use of harsh chemicals like soda ash. (Wheel contains about 25% soda ash while some rival low-priced stuff have 50% or more.) The new Close-Up ("with real mouthwash") was also an R&D contribution.

KASTURIRANGAN IS GIVING PERSONAL PRODUCTS A LIFT



If today Hindustan Lever is functioning to the limits of its internal strengths in as many areas, the question that begs asking is: what took it so long to get its act together, especially in the bread-and-butter segment of soaps and detergents. Chairman-designate Sushim Datta has an answer: "When it was clear to us that the consumer wanted a low-priced but good product, we got down to do something about it. The point was that economy price should not be equated with low quality. We found that the formulation cost could be easily matched, but the distribution costs would have to be lowered."

Now that the answer to this has been found, there's little doubt that Karsanbhai Patel has a bruising battle ahead. The man who laid siege to the Lever redoubt could be besieged himself if he does not watch out.

The Rising Sun.
Across the Indian Horizon.

VIDEOCON
AIR CONDITIONERS

Introducing Videocon Air Conditioners. Manufactured under D & D supply agreement with Matsushita Electric Company, Japan, the owners of brand name 'National'.

As the rising sun wakes you up this morning... you'll begin to see air conditioners in a new light.

The Videocon Air Conditioner. It reflects the world's most advanced technology. Japanese expertise that projects air conditioners in a class apart.

High Performance Rotary Compressor

It's what separates the Videocon Air Conditioner from all other air conditioners in India. A compressor so compact, with cooling efficiency that's at par with International Standards. At the same time the design is tough enough to withstand Indian tropical conditions.

Super Quiet Operation

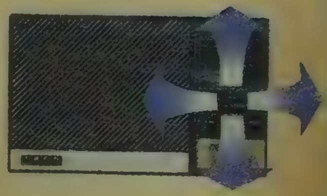
The Videocon Air Conditioner incorporates an ultra thin heat exchanger and specially designed sirocco fan, propeller fan, fan motor and rotary compressor. What's more, the rotary compressor is mounted on a vibration-absorbing rubber base and the entire air conditioner housed in heavy insulation.

All this gives you a whisper quiet operation.

High-Energy Efficiency Design

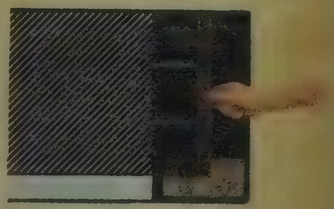
Engineered to operate on as little energy as possible, it can save on electricity bills. All this being possible due to the Louver Fins, Grooved Copper Tubing and the Rotary Compressor.

4-Way Air Deflection System



At the touch of a switch, you can control the air direction from side to side. While the louvers adjust the vertical air flow.

One Touch Air Filter



Quick, easy sliding of the filter, without removing the grill facilitates cleaning You don't have to rely on a technician.

Super Service

The Videocon factory-trained technicians posted in every city can give you service that's most prompt and reliable.

So, if you're looking forward to technology most advanced, take a look at Videocon. The Air Conditioner that looks beyond the horizon. Thinks ahead of times.

Yes, I am impressed with the features of the Videocon Air Conditioner.
Please send me more information on the product.

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Mail Coupon to: **Videocon International Ltd.**
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1.5 ton Air Conditioners in Ivory White and Wood Grain finish.

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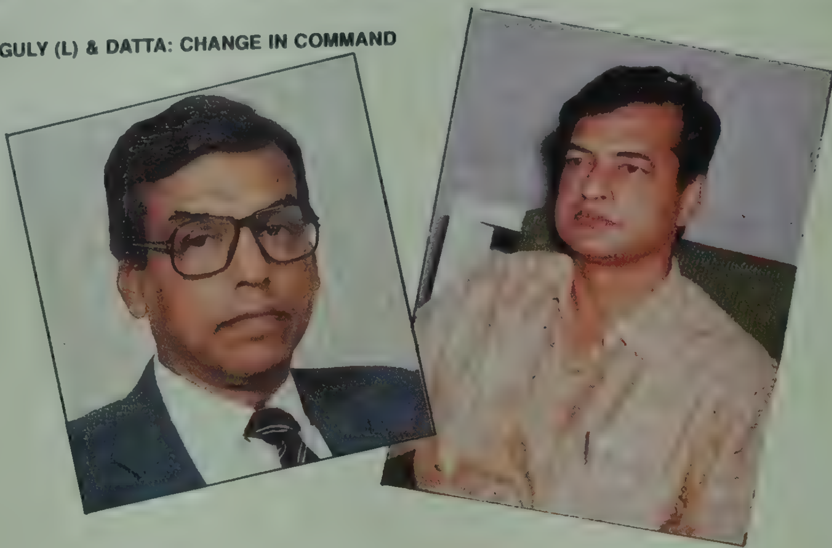
Exceptional. Sensational. So National.

JAISONS VA 1

UNDER THE UNILEVER UMBRELLA



GANGULY (L) & DATTA: CHANGE IN COMMAND

For Unilever companies in India, the arrivals and departures of chairmen are almost non-events. So strong are the companies in executive manpower (group total: 1,000 plus) that successions are smooth, by and large, barring an occasional ruffle here and there.

Even so, the impending move of 55-year-old Ashok Sekhar Ganguly to Unilever headquarters as executive director (research) and the entry of Sushim Mukul Datta as chairman of Hindustan Lever is an event of sorts. For two main reasons:

- As chairman of Lever for the whole of the eighties, Ganguly presided over a decade of enormous transition and change.
- Besides, the entry of Datta means the Unilever companies will have a new national manager. Though national managers do not have a direct role to play in the companies not under their charge, they are a crucial conduit between Unilever abroad and the subsidiaries or associate companies in India.

Along with Datta comes a flood of new faces at the board level. There are an unprecedented six new appointees as vice-presidents at Hindustan Lever — H.L. Mundra, M.K. Sharma, V. Kasturirangan, Gurdeep Singh, N. Nanda and S.M. Sahni. A number of changes are also underway at the top echelons of the other major Unilever companies in India — Brooke Bond, Lipton and Pond's. At Lipton, for example, Uday Khanna, one of the vice-presidents, is departing to Nigeria to take up the vice-chairmanship of the Lever company there. Some high level changes are also expected at Brooke Bond.

Characteristic of the Lever culture, all this is taking place with minimum fuss. Lever's stated corporate motto is to add sufficient value, and operate in a professional as well as socially relevant manner. Says Ganguly about his move: "If one stays too long, one can do damage to the organisation. If competent people start leaving the company when their careers start plateauing just because the chap at the top will not budge, only second rate people will be left."

Nevertheless, Ganguly has left his mark and the success of the company has been remarkable enough for people to talk of the "Ganguly years" and point to the notable milestones. Despite a substantial chunk of business being transferred to Lipton in 1983, turnover has tripled over the decade, and profits have kept pace. In 1980, Hindustan Lever had just three major factories, and the chemicals complex at Haldia had just been started up. Today, there are nearly 20 different manufacturing locations, including the export processing zones.

SEWRI DISPUTE

The protracted industrial relations dispute at the Sewri factory in Bombay in 1988 and 1989 underlined the simple fact that unlike earlier, the company is no longer dependent on any predominant single unit for its survival (see p.54). Sewri remains Hindustan Lever's largest factory, and its prolonged shutdown certainly meant a substantial production loss and lower profits. And yet, the challenges in the marketplace were met.

With the blip at Sewri having been corrected, production levels as well as profits are expected to be higher. But the most ambitious part of the company's current plans is the project to manufacture linear alkyl benzene (Lab), a vital input for detergents. This will, in fact, be a well-timed move to integrate backwards and protect the mainstay business. And together with the growth of its manufacturing base, exports hold great promise for the company — the 1989 total of Rs 130 crores, up 25% over the previous year, is merely expected to be a beginning. An ambitious target of Rs 1,000 crores has been set for 2000 AD.

But the most significant aspect of the changing face of Hindustan Lever in the last decade has been the emergence of a group of companies, all fairly large in size, linked to each other by the common parentage of Unilever plc, the Anglo-Dutch multinational (*Fortune 500* rank: No.11 in 1989). Lipton became part of the group in the seventies, but after further acquisitions by Unilever abroad, Brooke Bond and Pond's have been added to the fold. And along with Brooke Bond came Doom Dooma India and Tea Estates, medium-sized tea plantation companies with a total output of 17 million kg.

The chairman of Hindustan Lever is regarded as the seniormost of Unilever professionals in India and acts as the national manager. With a remarkable turnaround having been effected at Lipton (which had run up large losses in the early eighties), and with Brooke Bond having got rid of its ill-thought-out diversification ventures, the national manager's role has so far been an unpublicised, but crucial, decision-making influence. With Ashok Ganguly's departure, Sushim Datta will now become the new national manager.

All this adds up to an important period of transition for the Lever group in India, and it's worth looking at the product-market scenario of each of them. The oldest traditional business of Hindustan Lever has been the

manufacture of toilet soaps, and during the eighties the market has grown at a relatively sedate pace of around 5% per annum. The total market today is around Rs 900 crores, and in volume terms, about 270,000 tonnes (compared to 150,000 tonnes in 1980). Hindustan Lever's Lifebuoy continues to dominate the popular soaps segment, which constitutes a little less than half the market in terms of value.

However, Lever faces much more competition in the middle-price and premium segments, which have been growing at over 10% per annum. In the premium segment, Godrej is perhaps a couple of points ahead of Lever, but both have around 20-25% of the market each. But conflict is sharpening, as the recent television advertising controversy between Lever's Liril and Godrej's Cinthol Lime indicated.

SOAP STRENGTHS

The basic strength of Lever's soaps business, however, allows it to remain a major player for the foreseeable future. The company keeps experimenting with launches of new brands (a few more such launches are in the offing), and while none has been a spectacular success in the recent past, the existing brands keep going strong. For example, the new Pears International is a better version than ever before. Because it needs to be hand-made, Unilever is phasing out its manufacture worldwide and, by the middle of this year, Pears will be made only in India for the overseas (Australia and the US) markets as well.

The real action, however, is in the fabric wash products. The laundry soap market, currently around Rs 1,000 crores per annum in terms of value, is the preserve of the small scale sector. But the detergent bars and powder market, slated to touch nearly a million tonnes per annum quite soon and growing at a rate of around 9%, has traditionally been dominated by the organised sector, till an entirely new game began with the meteoric rise of Nirma. But Lever now has a measure of the competition and Nirma's challenge has been met.

THE UNILEVER GROUP IN INDIA –1989

Company	Unilever shareholding (%)	Turnover (Rs crores)	Pre-tax profits (Rs crores)	Post-tax profits (Rs crores)	Earning per share (Rs)	Dividend (%)
Hindustan Lever	51	1,323.00	102.00	59.00	6.34	35
Lipton	40	459.00	15.98	10.43	6.62	22
Brooke Bond	40	551.74	49.05	28.65	6.43 (1)	30 (1)
Pond's	40	106.55	9.28	6.05	9.07 (2)	37.5
Tea Estates	74	37.00	14.51	7.50	8.52 (3)	60
Doom Dooma	74	25.77	11.19	5.15	9.19	55

(1) Brooke Bond made a 4:5 bonus share during 1989; the EPS & dividend are calculated on increased capital.
(2) Pond's proposed a 1:1 bonus issue on 23 April, 1990. The EPS is on the old capital.
(3) Tea Estates proposed a 1:2 bonus share issue in April 1990. The EPS is on the old capital.

Hindustan Lever's marketing successes within the country have been replicated (with a little help from Unilever in London) in its export effort. Packet tea probably constitutes the single largest item (in 1988, the figure under this head was Rs 25 crores against a total of Rs 104 crores), but there are a whole range of other products — readymade garments, Hush Puppy shoes, perfumes and colognes, carpets, *basmati* rice, Dalda and shrimps. Each of these items has the potential to grow to about Rs 25-30 crores worth annually (making up for an impressive total), but the company is especially bullish about the prospects for Pears soap and shrimp (cultivated at Sandeshkhali in West Bengal for export to Japan). Exports of all the Lever group companies (including Lipton, Brooke Bond and Pond's) in India touched an all-time high of Rs 230 crores in 1989.

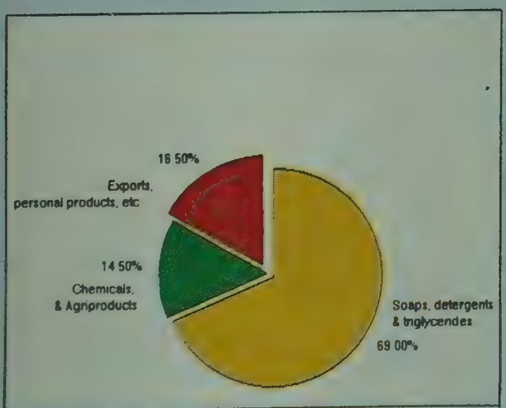
Sushim Datta says that exports will be a great area of excitement for the Lever group in the nineties. "This is a matter of national priority, and industry and government need to work closely together. Out of the thrust areas identified by the exim policy — software, gems, leather, garments, etc. — Lever can play a leading role in at least one or two. We must work on the assumption that India can be a global leader in all these fields," says Datta.

EXPORT THRUST

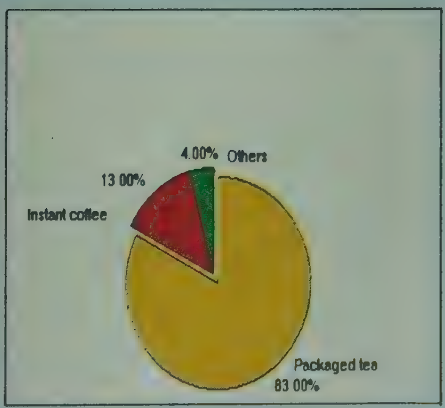
And clearly, these words are being matched by action. The group export target for 1990 is Rs 300 crores, and for Lever itself Rs 230 crores. Moreover, Lever is going halves with the Industrial Credit & Investment Corporation of India (ICICI) on the costs for a major study being undertaken by a leading US consultancy firm to identify a national strategy for

TURNOVER BREAK-UP OF MAJOR UNILEVER COMPANIES IN INDIA

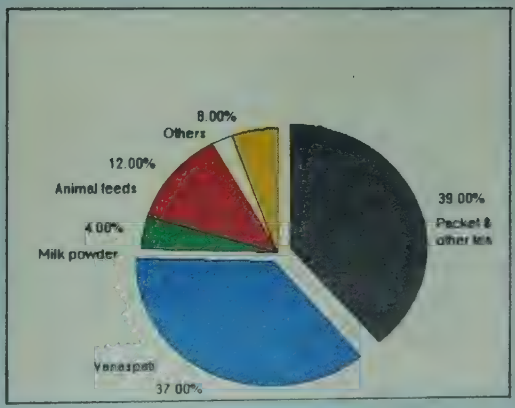
Hindustan Lever*



Brooke Bond**



Lipton**



* figures for 1989
** figures for 1988

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The food was good. The service, just excellent. Even the telephones worked better than any you've ever heard in Calcutta.

And coming away from the city centre was so quick and easy.

Now, surrounded by the warm tranquility of your room, you remember how, after dinner, you discovered that thoughtful little liqueur, tucked away in the mini-bar.

What better way is there to say, "Good night".

Taj Bengal
Calcutta India

A whole new experience.

TSA-C/TB/1590

THE TAJ GROUP OF HOTELS

exports in the chosen areas. Arthur D. Little and McKinseys have been among those who have bid for the project, and the bill is expected to be Rs 2 crores.

LAB PROJECT

While the growth of existing businesses and exports is on Hindustan Lever's immediate time horizon, the single-largest chunk of capital investment will be made in the area of chemicals — the Lab project for which the company holds a letter of intent. In keeping with the chemicals thrust, the company commissioned a fluid cracking catalyst plant at its Haldia complex a few months back. But observers are quite clear that the company is making a further foray into "hi-tech," core area activity not for justifying its "multinational" presence and 51% Unilever share-holding but primarily to safeguard its businesses.

"Lever undertook the manufacture of sodium tripolyphosphate (STPP) in Haldia simply because it was a vital input for detergents," says one Lever executive. "Later, the diammonium phosphate (DAP) fertiliser plant was started up because of the commonality of raw materials with STPP. The manufacture of Lab, a vital input for detergents, is being undertaken simply because the company's mainstay business would otherwise be jeopardised."

Datta believes there could be a shortage of Lab within the country two or three years down the line, unless the proposed new plants come up soon. And there are problems. Industry sources say that Karsanbhai Patel of Nirma is having some difficulty in getting suitable professional and technical assistance in implementing his project at Visakhapatnam. Lever itself faces a few hurdles about the location of the project in Punjab: the proposed Karnal refinery, which in the long-term will be the source of feedstock supply, is nowhere in sight.

Unless a Lab plant is located next to a refinery, the import and transportation of input material could add substantially to costs. "We would like an assured price for raw materials supply, otherwise it would break the project," says a company spokesman. There is however, no other kind of uncertainty, company sources hasten to add. And in view of the probability of Lab shortage, the Rs 230-crore, 60,000 tonnes per annum (tpa) project remains a national priority.

Lever itself uses 40,000 tpa of the stuff, a quantity which could grow over the years, but the plant will not be entirely for captive use. Depending on locational advantages, it is proposed to have a two-way traffic of both sales and purchases of Lab for the company.

If Hindustan Lever is carrying on doing the same things better, there is a new excitement at Lipton and Brooke Bond too. Says a senior Lever manager: "Events since the 1983 reorganisation of businesses between Lever and Lipton (when Lever transferred to the associate company Rs 100 crores worth of business) have fully justified all projections. The pattern emerges clearly — basing themselves on the marketing discipline which tea packaging provides, Brooke Bond and Lipton will concentrate on a strategy to diversify into foods. Today, the processed foods business is like Cinderella, full of unrealised promises. The two companies will have to try to learn what the consumer wants, and hone in on that."

LIPTON CHAIRMAN SHAH. INSET: TREE TOP

B.R. Shah, chairman of Lipton, whose signal contribution to Lipton's turnaround has been sufficiently documented (see *BW*, 12-25 October 1988, p.62), seconds this point of view. "People may criticise us for maintaining dividend at 22% for 1989 despite higher profits when many other group companies have stepped up and also declared bonus share issues," he says, "but we have to be conservative. Our tea packaging, vanaspati and animal feeds divisions continue to be very strong. Using this base, we are making forays — but the cost of new launches is high, and some products are slow burners. It is a question of perseverance, but we certainly have enough of that."

Clearly, Shah makes a great deal of sense when he talks of conservatism. Lipton's Tree Top has been a national triumph (currently doing about 35% of the tetrapack segment a year after going national), but the imposition of higher taxes in the latest budget may slow down growth. Moreover, the tetrapack segment is still very small (under 15% of the total soft drinks market in the country), and this figure has to go to at least 20% for sufficient volume growth. The advantages of the tetrapack (aseptic packaging, preservation etc.) need greater acknowledgement from the consumer, but in India's tropical climate, carbonated drinks could continue to have an advantage as a thirst quencher. And Parle's Maha Cola promises higher quantity at the same price.

Similarly, in biscuits, Lipton faces the difficulty of remaining a bit-player with 4,000 tonnes in a 180,000 tpa organised sector market dominated by Britannia and Parle. Perseverance is, therefore, the name of the game, and the company's marketing savvy and thoroughness will surely do the trick in the medium-term future. But tonnages in the mainstay businesses have been excellent in 1989, with 15-20% growth seen in all the products — tea, vanaspati and animal feeds.

DIFFICULT YEAR

The past year has been rather difficult for tea packagers. With auction prices zooming up, working capital requirements have doubled. However, with the price differential between

packaged and loose tea growing narrower (with higher auction prices, packaging and distribution costs as a proportion of final price go down), the packaged tea market is seeing signs of strong growth. This is especially true for polypacks, and Lipton's Taaza brand is doing well in this segment.

TEA BUSINESS

Brooke Bond's tea business — at around 92,000 tonnes in 1989, against Lipton's 40,000 tonnes — has traditionally been larger and faces similar prospects. The company's speciality is the "paisa packets," which have seen brisk demand in 1989 following a good monsoon. However, the company's impressive bottomline (Rs 60 crores of pre-tax profits in 1989 on sales of Rs 550 crores) is in no small part due to its most profitable instant coffee business.

Brooke Bond sold some 11 million kg of instant coffee in 1989, on which (according to a back-of-the-envelope calculation) post-tax profits would be no less than Rs 10 per kg (i.e. about Rs 11 crores). The company shares the market almost equally with Food Specialities, and the emergent challenges (from the Gold Cafe and Maxwell House brands) have been seen off.

In fact, the area of growth for Brooke Bond could well be in instant coffee — through the acquisition route. Kothari General Foods, which started the manufacture of Maxwell House, has ended up deep in the red and the financial institutions are looking for bailout support for the Rs 35 crore project. The company has a spanking new instant coffee plant with a 5 million kg annual capacity, and could well be an attractive takeover proposition for Brooke Bond, if the price is right. There have also been some rumours of Brooke Bond being interested in buying Kissan, which Vijay Mallya may put up for sale.

Meanwhile, Brooke Bond has succeeded in streamlining its businesses by getting rid of the disastrous diversification ventures of the seventies — the scooter plant, the paper project, and the meat factory in Aurangabad (see *BW* cover story, 28 September-11 October 1988). The scooter project was clearly a misadventure which had no commonality with the company's existing businesses. But in the late seventies when the company jumped in, there was a scramble for two-wheeler licences and there could have been some tax benefits in deploying profits. Under the Unilever umbrella though, rash diversifications are out. Adventurism will certainly be no part of Brooke Bond's future strategy.

The two tea plantation companies (which came into Unilever together with Brooke Bond) — Tea Estates in south India and Doom Dooma in Assam — are reaping a profits bonanza as auction prices soar. Their combined post-tax profits, on a total of about 17 million kg of output, has been Rs 12.6 crores, and both companies have declared very high dividends as well as bonus share issues. This does not really militate against Unilever conservatism — the rewards to shareholders may well be justified, given that prospects for plantations look particularly good in the next two years and sufficient ploughbacks are being made.

LEVER'S HALDIA UNIT: THRUST ON CHEMICALS

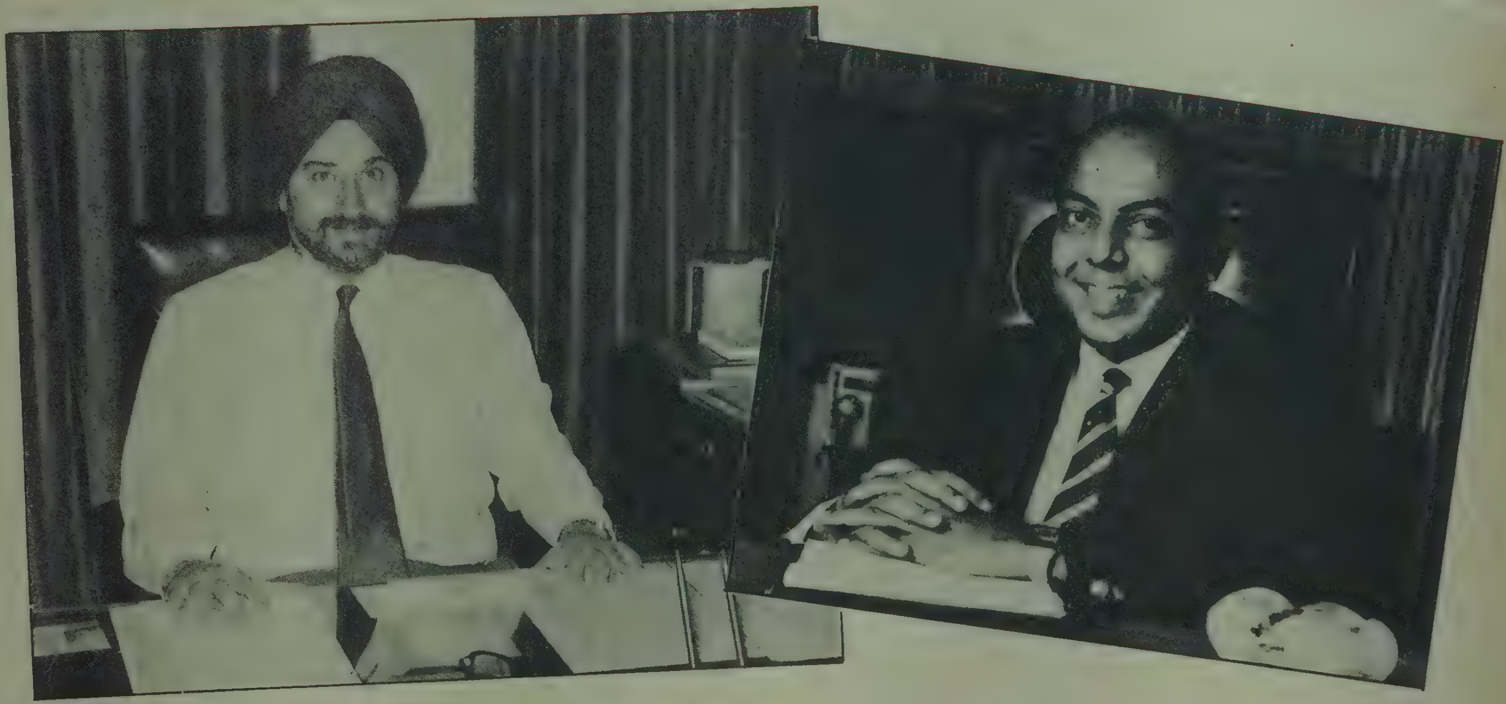
POND'S PERFORMANCE

The quiet south Indian company, Pond's, which has done consistently well under V. Narayanan even before the Unilever takeover, has performed true to form in 1989 with turnover crossing Rs 100 crores, and post-tax profits rising above Rs 6 crores. After a handsome 37.5% dividend payout, a 1:1 bonus share issue has been announced.

The Pond's range of products — Dreamflower talc, Vaseline, Pond's creams and soaps — continue to perform remarkably well in the market. Between Hindustan Lever and Pond's, there is a great overlap in the personal products range except in shampoos. Nevertheless, the market is large enough for both Pond's and Lever to carry on business. Says a Lever executive, "With licensing and other restrictions still around, it makes little sense for one company trying to put another out of business, since all can survive. Besides, the Unilever culture is to optimise at the unit level, rather than always looking to the convenience of the transnational owner."

The national manager in India has surely been guided by this same philosophy. "My effort has been to let each company run its own plans, without trying to double guess," says Ashok Ganguly. "The annual plans are agreed on, formal meetings between chief executive officers of all the companies have been held at least four times a year from 1986 onwards, and people get on with their jobs. The system has worked very well so far." Besides, with the chairmen and senior executives of each of the companies being on the boards of others, there is a continuous interchange of information which helps in building up a knowledge bank.

The recruitment of executives has, of course, been a centralised function for the Lever group in India for quite some time. Initially, there was common recruitment for Hindustan Lever



JATI SABHARWAL OF BROOKE BOND (L) & NARAYANAN OF POND'S ARE GETTING INTO THE LEVER CULTURE

and Lipton, but for the last three years now, Brooke Bond and Pond's have also been included. Executives have been transferred between all the companies quite freely, and the opportunity to thereby enrich and vary job experience is a strong attraction for professionals. Almost all the senior executives today at Lipton have put in many years at Lever; and Brooke Bond is gradually seeing the same permeation of the Lever culture. The group as a whole has an impressive 1,000-strong executive pyramid, at the apex of which is the chairman of Hindustan Lever.

Ashok Ganguly, however, dismisses talk of an expanding Unilever empire in India. "The acquisition of properties in themselves means nothing in terms of the Unilever philosophy," he says. "It is performance which counts. We at Lever are not owners, but employees."

ADVISORY ROLE

Sushim Datta, on whom the national manager's mantle will now fall, makes similar observations. "The informal role of the group chairman must be to facilitate the other companies' growth plans," he says. "It is really a consultative, advisory role. The knowledge bank we have built up in each company can help the others. The national manager's role is to facilitate the intragroup transfer of this professional knowhow."

Ganguly himself will shortly be taking his Indian knowledge bank abroad when he becomes director of research & development (R&D) for Unilever worldwide. Unilever has been changing gradually from an Anglo-Dutch global operator to a genuine transnational, with the crucial difference being greater delegation as opposed to central control. And Ganguly himself has obviously been held in high esteem at Unilever — in addition to his national manager's role in India, he has been advising Lever companies in Pakistan, Bangladesh and Thailand.

"Outside Europe, Japan and the US, Unilever considers three countries very important, and these are Brazil, Indonesia and India," says Ganguly. "In India, the quality of the middle class mind, and the growth of the economy has been comparable to the best in the world. Unilever clearly regards India as an excellent source for professional manpower."

Sushim Datta, when he assumes the Lever chairmanship, faces an exciting task. The internal target at Lever is to double turnover within five years, and that could mean more change. "We have managed transitions very well so far," says Datta. "For example, our chemicals business, which is today sound and profitable, required a different kind of approach from our traditional businesses simply because it was much more capital intensive. Today, with higher investments, risks are increasing — and, therefore, the answer is not greater centralisation, but greater devolution of authority. Rather than a pyramid, we should really attempt to make the structure flatter. The corporate headquarters should not require more than 70 or 80 people."

Another important area could be greater efficiency in working capital usage — if turnover is to double, working capital needs go up correspondingly, and a saving of even a single percentage point could mean a couple of crores (or more) in interest charges. "Looking at our sales figure for 1990 (Rs 1,323 crores), the next Rs 1,300 crores will not come so easily," says Datta. "For example, if we are to grow in the foods area, we have to look at the consumer's daily needs — fruits, vegetables etc. — and we have to ensure a stable return to the farmer as well as a cheaper price for the consumer. The old dog will have to learn the same tricks better. We have to become more competitive, more skilled. Systems may, therefore have to be improved."

Given Lever's recent track record, there should be little room for doubts on that score.

■ *Subrata Roy & R. Jagannathan*

DATAFILE: GOA, DAMAN & DIU

In this instalment of Datafile, we take a look at what Goa, Daman & Diu have to offer in terms of industrial investment incentives.

Area: 3,813 sq km.

Population: 10.8 lakhs.

Natural resources: The main crops are paddy, *nachini* and pulses. Marine fish are also a major resource.

Industrial area classification: The whole of Goa, Daman and Diu falls in Category A.

Infrastructure, tariffs and concessions:

■ *Power:* The prevalent power tariffs are given in the accompanying table. Units having a connected load upto 20 HP are eligible for a power subsidy equal to the difference between the actual rate paid and nine paise per unit.

■ *Land:* The Goa, Daman & Diu Industrial Development Corp. (GDDIDC) offers ready-built sheds on a hire-purchase basis. The cost of the shed is recovered in 10 years. The initial payment is 10% of the cost of the shed. The balance 90% is to be paid in nine annual instalments along with interest at the rate of 10%. Open, developed plots are also available on a long-lease basis with easy annual instalments. The normal plot size is 1,000 sq metres.

■ *Feasibility study assistance:* The GDDIDC offers a subsidy of 50% on the cost of preparation of feasibility reports.

■ *Assistance for quality control facilities:* Existing as well as new small-scale industrial (SSI) units are eligible for loan amounts upto Rs 7.5 lakhs for the purchase of new (not second-hand) equipment used for quality control facilities. The loan is repayable over a period of eight years with a moratorium of three years. The rate of interest is 13.5%, reducible to 12.5% on the receipt of refinance from the Industrial Development Bank of India.

■ *Sales tax benefits:* Registered SSI units are eligible for exemption from sales tax at the first point of sale of their finished products for a period of 15 years. The facility is available only to SSI units who don't get interest-free sales tax loans.

New industrial units can avail themselves of interest-free sales tax loans to the extent of the sales tax paid by them for the first five years since starting production. The loan should not exceed Rs 50 lakhs, or 50% of the investment in fixed assets, whichever is lower.

An existing unit, on the strength of the sales tax paid by it, can obtain an interest-free sales tax loan facility to finance a new unit. The quantum of the interest-free loan will be equal to the sales tax paid by the unit for the last five years subject to a ceiling of Rs 25 lakhs, or 25% of the investment in fixed assets of the new unit, whichever is lower. The sales tax loan is repayable after 12 years in six annual instalments.

■ *Reduction in stamp duty:* The state government remits 50% of the stamp duty in respect of bonds or mortgage deeds executed in favour of the Economic Development Corp. of Goa, the Maharashtra State Financial Corp. (MSFC) and scheduled commercial banks. This facility is available to SSI units for executing legal documents in respect of loans granted by the government as well as the lease deed and documents in respect of allotment of sheds and plots by GDDIDC.

■ *Price preference:* A price preference at the rate of 15% on purchases made by government departments is available to registered small-scale units.

■ *Schemes for selected entrepreneurs*: Financial assistance is available to the educated unemployed. This is for those who have: (i) passed VIII Std. and have completed a vocational course and/or have experience in the chosen line; (ii) those who have successfully completed a prescribed ITI course; or (iii) those who have passed SSC or equivalent examinations.

The maximum assistance that can be offered under this scheme is Rs 50,000 at a margin of 5% and an interest rate of 8%. The loan is repayable within a period of five-and-a-half years, including a moratorium of one-and-a-half years.

There is, besides, a technicians' assistance scheme for giving financial assistance to competent technicians and technocrats (age limit: 45 years). Finance upto a maximum of Rs 20 lakhs is made available on 15% margin against the security of assets considered eligible under this scheme. The promoters can also use the facility of seed capital/soft loan assistance. The promoters contribution shall be a minimum of 7.5% of the project cost.

■ *Promotional institution:* Economic Development Corp. of Goa, Daman & Diu Ltd., Trionora Apartments, P.B. No. 316, Panaji, Goa 403 001.

■ *Ramesh Kumar*

The author works with Mode, a Bangalore-based information research consultancy.

POWER TARIFFS IN GOA, DAMAN & DIU

(Average rate in paise per Kwh)

Category	Rate	Total
Small industry		
5 HP, 10%LF (upto 272 Kwh/month)	50.00 55.00	50.00 55.00
10 HP, 15% LF (upto 817 Kwh/month)	50.00 55.00	50.00 55.00
10 Kw, 20% LF (upto 1,460 Kwh/month)	50.00 55.00	50.00 55.00
Medium industry		
50 Kw, 30% LF (upto 10,950 Kwh/month)	63.00	63.00
Large industry		
250 Kw, 40% LF (upto 73,000 Kwh/month)	70.25 75.09	70.25 75.09
1,000 Kw, 50% LF (upto 3.65 lakh Kwh/month)	68.80 72.67	68.80 72.67
Heavy industry		
5,000 Kw, 40% LF (upto 14.6 lakh Kwh/month)	70.25 75.09	70.25 75.09
5,000 Kw, 60% LF (upto 21.9 lakh Kwh/month)	67.87 71.06	67.87 71.06
10,000 Kw, 60% LF (upto 43.8 lakh Kwh/month)	67.83 71.06	67.83 71.06
10,000 Kw, 70% LF (upto 51.1 lakh Kwh/month)	67.14 69.91	67.14 69.91
25,000 Kw, 80% LF (upto 146 lakh Kwh/month)	66.63 69.04	66.63 69.04

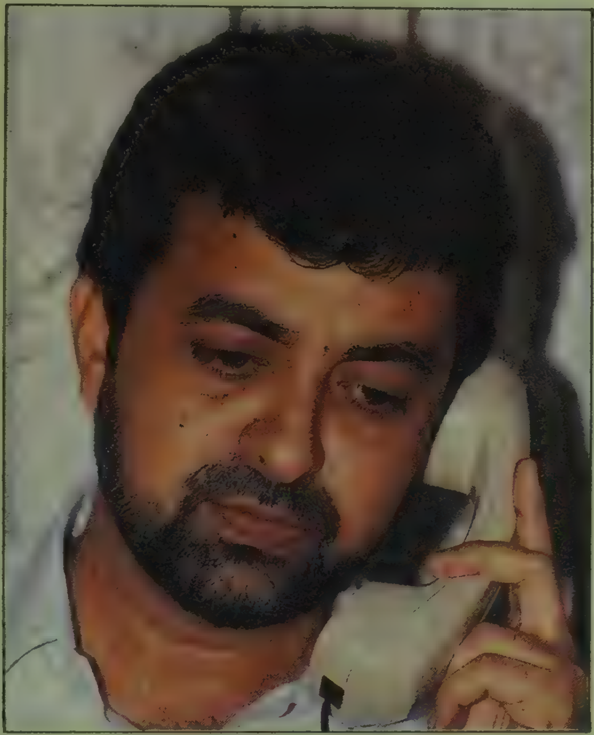
Note: The figures in the first line refer to tariffs in Goa while those in the second line refer to tariffs in Daman & Diu.

VIEWPOINT

"FINANCIERS PUSH UP PRICES"

The Madras-based Alacrity Foundations Pvt. Ltd. has set new standards for the building trade which looked like having nothing but a seamy side to it. Eight years old in the business, and with a burning corporate mission to try and prove that organised business can also be deeply committed to values, Alacrity's emphasis on integrity in dealings has almost become a dogma. But for the middle class and the salaried, this has come like a breath of fresh air. By offering liquidated damages to flat buyers if they are not delivered on time, and by keeping prices fixed in the face of galloping costs, Alacrity has revolutionised middle-class housing in Madras.

That its ethical practices have been more than effective is shown by cold statistics. Alacrity has become the largest flat builder in Madras with a 30% market share. With 600 flats delivered to date and business on hand worth about Rs 45 crores (adding up to 800 flats), the company has moved into the big time. Alacrity's president Amol Karnad, a chartered accountant turned builder, spoke to BusinessWorld *on housing. Excerpts.*



■ On the prospects for housing and housing finance.

A lot of money is being pumped in by the government. For a developer like Alacrity, the stake is nothing like what the government has. So the future prospects of this sector will have to be ensured by the government.

There are a lot of financial institutions catering to this sector now. On their present terms they have not been able to convert latent demand into effective demand at the rate required to achieve housing goals. They should make housing finance more realistic. I don't see a great deal of innovation here. Until policy objectives are fulfilled there has to be scope for innovation. I have the confidence that this will come.

■ On the paradox in Madras of increasing land prices but slower movement of flats.

I do see a paradox of increasing land prices, on the one hand, and no corresponding increase in the offtake of flats, on the other. One possible reason is the perception that real estate offers big money. A large number of financiers, in tandem with small contractors, keep coming in all the time and push up prices. Secondly, land owners are in no great hurry to sell in a market where prices are going up.

■ On the impact of housing construction on civic amenities (water, roads, etc.).

In a country where there are shortages in many areas, it is impractical for an individual or institution to wait for shortages to disappear. We go ahead optimistically hoping that there is not going to be a ban on providing these amenities. We also gain confidence from the fact that the national housing policy has committed itself to house building. The state has much more to lose than we have by not providing these amenities.

■ On price trends in Madras for real estate.

I don't see any logic in people expecting prices to come down. So long as the popular philosophy is of accumulating wealth, every body who is in a position of advantage will demand their pound of flesh. Governmental interference or regulation of land prices will not help. If we can move society away from the obsession with money and power and make it aware of a larger social goal, then I can see land prices coming down. So long as we feel the need to provide for inflation, we will continue to be at its mercy.

■ On big business houses getting into housing.

Today, if one wants to get into housing, one has to get service-oriented and not profit-oriented. Big institutions need to move away from their known philosophies and on a long-term basis. You can't rely on this business to maximise returns to shareholders. If Alacrity has succeeded it is because we have put our fingers on the economic pulse of the markets.

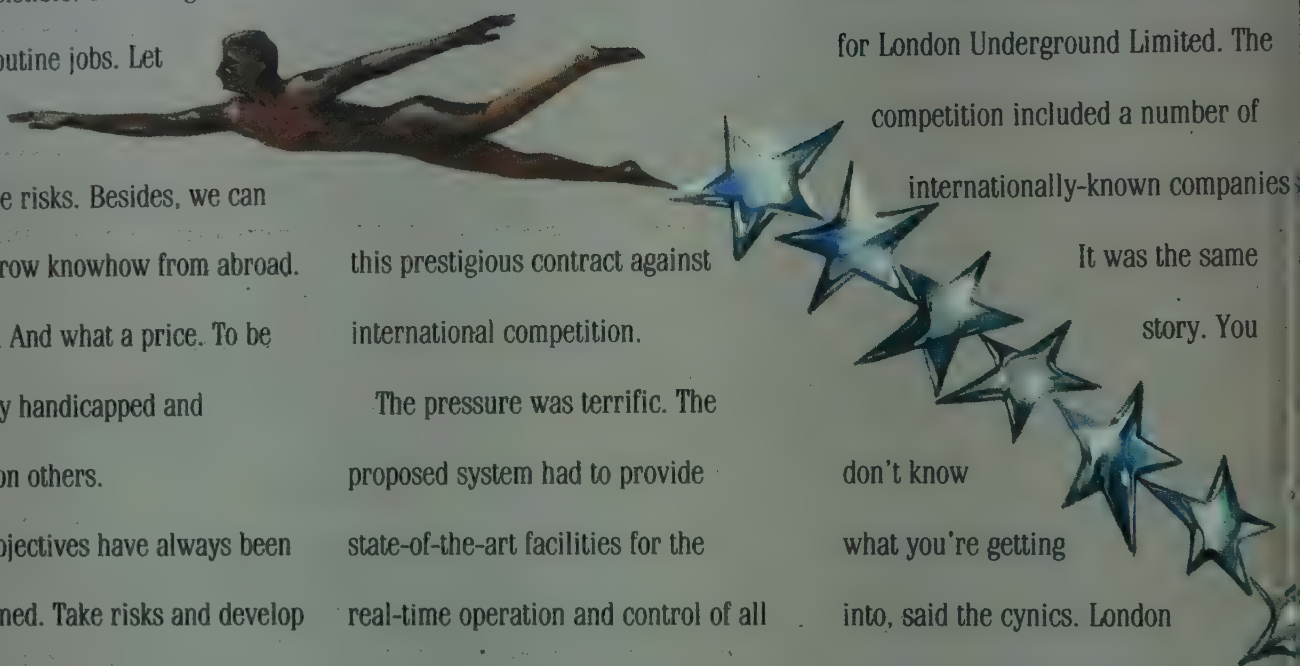
■ On house-buyers' expectations from a builder.

A flat owner is investing his lifetime savings in a flat; so security is his primary concern. Security and assurances from a builder are what will ensure that they will come back (for flats). We try to balance a customer's locational preference with price trends. The kind of service we have offered and the confidence we have generated have had their effect on the psychology of land owners.

■ On the areas worth investing in Madras.

Alacrity does not believe in speculative investments. But wherever we build, it is good enough. The locality has to be in tune with our image. We are not pushing one locality against the other. The areas Alacrity has developed in Madras include the prime ones of T. Nagar, Adayar and Kilpauk.

Perhaps the reason why CMC i
technology today is because it is



The temptations to play it safe are almost irresistible. There is good money in routine jobs. Let somebody else take the risks. Besides, we can always borrow knowhow from abroad. For a price. And what a price. To be permanently handicapped and dependent on others.

CMC's objectives have always been clearly defined. Take risks and develop technological muscle by getting into areas of information technology where other Indian companies will not venture.

The result is that almost every major job we have done has been a trail-blazer, undertaken for the first time in India.

Take the case of the World Bank-funded Jawaharlal Nehru Port at Nhava Sheva, for instance. In 1987 the Nhava Sheva Port Trust floated a global tender for a computerized Container Terminal Management System. We won this prestigious contract against international competition.

The pressure was terrific. The proposed system had to provide state-of-the-art facilities for the real-time operation and control of all the complex activities in the port. And it had to go on stream in 41 weeks.

41 weeks to complete such a mammoth and complex job? You must be out of your mind, people said. At least get some foreign help and go in for readymade software.

We did nothing of the sort. We relied entirely on our own resources. We procured and installed the hardware. We prepared the computer site. And we developed the software in India, from scratch. In 41 weeks.

In 1988, we won the contract to design a Train Scheduling System for London Underground Limited. The competition included a number of internationally-known companies. It was the same story. You don't know what you're getting into, said the cynics. London Underground is perhaps the most complex urban transportation system in the world. The deadline is very, very tight.

Let's cut a long story short. We completed Phase I, the creation of a detailed design document, in May '89, on schedule. We're now designing the software in India. The system will be tested and implemented in the U.K. by June 1990.

The people at the Port of Felixstowe in England saw our work at Nhava Sheva, and immediately asked us to

leading force in information villing to leap into the unknown.

design a Ship Discharge and Load Planning System for their port.

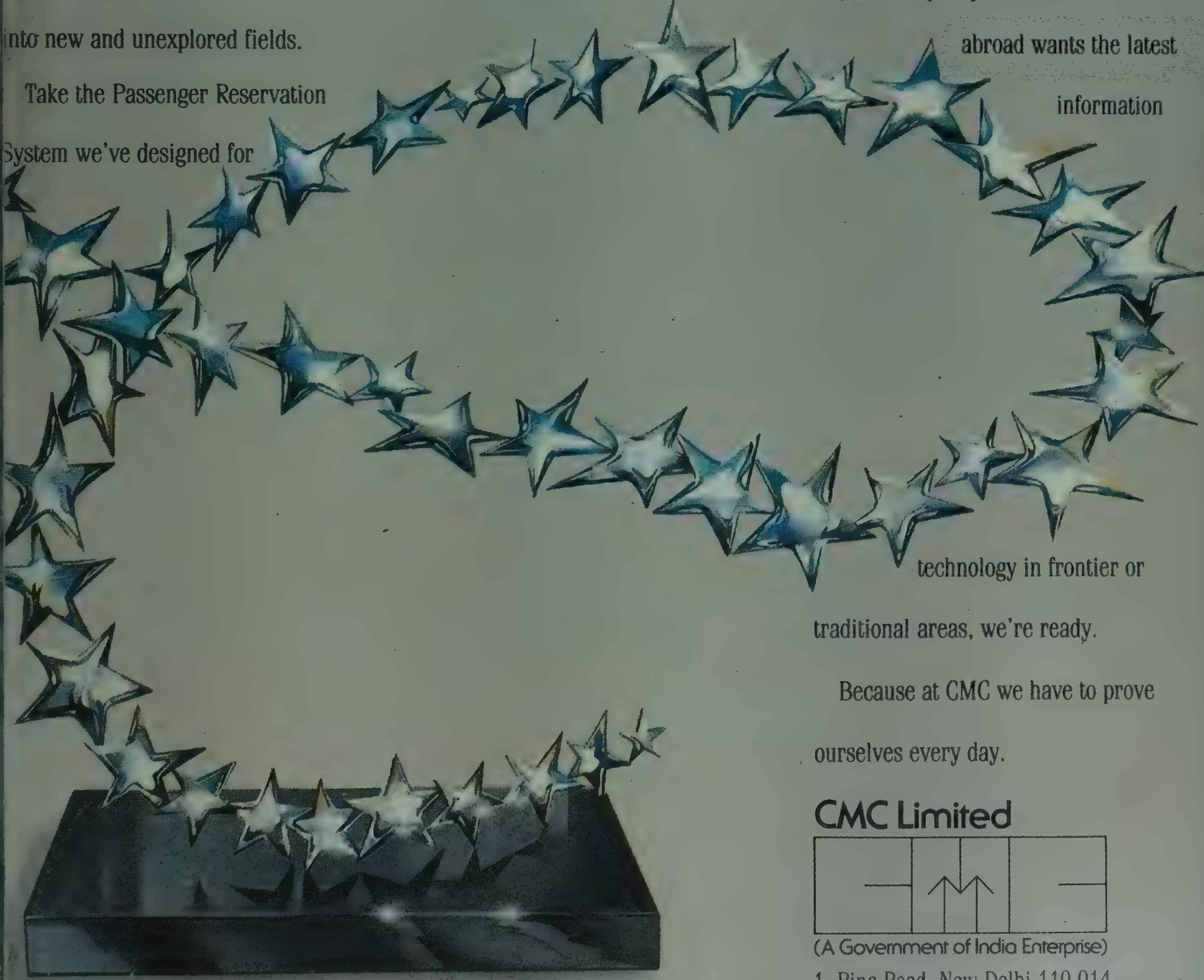
What better proof of the quality of our work than to get orders from the advanced countries? But for CMC that's no big deal. What we never forget is that our mission is to continually venture into the unknown, into new and unexplored fields.

Take the Passenger Reservation System we've designed for the Indian Railways. The critical Message Switching Systems for the Directorate of Civil Aviation which guarantee 99.9% availability. The Load Despatch Systems for the National Hydroelectric Power Corporation and the Tamil Nadu State Electricity Board.

All of them firsts for an Indian company. Just like the integrated Mine Management System we're supplying to Gevra Mines, or the system we're currently designing for the country's biggest and busiest stock exchange in Bombay.

Enough. You've got the picture.

Anytime, anybody, whether in India or abroad wants the latest information



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PHILLIPS CARBON BLACK

A REASONABLE SHOWING

Phillips Carbon Black (PCB), an R.P. Goenka group company which makes carbon black, fared reasonably well in the 18 months ended 30 September 1989. However, annualised dividend at 12% was down by 6 points, thanks to the provision for prior years' tax liability.

PCB's turnover (annualised) was higher by 23% at Rs 118.66 crores and other income by 7.4% at Rs 2.77 crores. Operating profit rose by an annualised 29.1% at Rs 13.03 crores. Despite a 17% rise in interest costs, gross profit moved up by 47% to Rs 5.93 crores.

However, tax planning continues to be the company's trouble spot. With the tax to pre-tax profits ratio as high as 48.3% and with the tax liability for the 18-month period being higher by 61% at Rs 2.42 crores, the company had to provide for an additional Rs 1.44 crores towards past tax liabilities. If the bottomline is viewed minus the additional tax liability, profits have improved by 43% to Rs 2.59 crores.

Better realisation. The comfort spot, however, is the good demand for the company's product — carbon black, an input for tyre production. With tyre production rising, the company was able to achieve higher sales volumes and improve realisation. Sales volume moved up by an annualised 5.3% to about 53,800 tonnes and the average sales realisation per tonne was up by 10.5% to about Rs 21,000.

As production rose by an annualised 9%, capacity utilisation improved by 7% to 73%. The cost of key inputs was steady during the period, though their consumption moved up. This increase seems to be on account of the poor quality of raw materials.

The company has made a modest beginning in exports with a turnover of Rs 5.09 crores worth of marine products. Other income has moved up by Rs 1.23 crores, thanks to a shift to the accrual basis accounting for interest on inter-corporate deposits.

Earning per share (EPS) has improved from Rs 2.30 to Rs 3.30 and the payout has slumped from 78.3% to 36.6%. If the additional tax liability is accounted for, EPS falls to Rs 1.50. Margins haven't improved much — the operating margin was higher by 0.6% at 10.7%, the gross margin by 0.9% at 4.9% and the net margin by 0.3% to 2.1%.

The future of the carbon black industry seems rosy and it is expected to grow at about 6% per annum. But there will be increased competition too. PCB is gearing up to face the entry of Indian Rayon which has already commenced the production of carbon black. To begin with, the company is to modernise its plant and upgrade the technology with assistance from Columbian Chemicals Co. of the USA.

The company's share is quoting around Rs 46 (BSE - 17 April), far below its 1989 high of Rs 68. This discounts the EPS by about 13 times, against the industry's average of 11.

The scrip holds a promise of 30% appreciation during this year.

PHILLIPS CARBON BLACK

(Rs crores)	18 months ended 30 Sep 89	12 months ended 31 Mar 88
Gross revenue	121.43	66.74
Gross profit	5.93	2.69
Profit after tax	2.59+	1.21
Equity capital	5.26	5.26
Reserves	15.03	16.07
Gross profit margin (%)	4.88	4.03
Return on net worth (%)	8.50*	5.67
Dividend (%)	12*	18
Earning per share (Rs)	3.28*	2.30
Book value per share (Rs)	38.57	40.55

*annualised

+without accounting for prior year tax

HINDUSTAN CONSTRUCTION

LITTLE TO REJOICE ABOUT

Hindustan Construction Co. (HCC) has reported higher profits for the 14 months ended 30 September 1989. Despite lower income from construction activities, HCC could do this thanks largely to lower employee costs and sales of assets. The company has stepped up dividend from 9% to an annualised 13.7%, perhaps with an eye on its forthcoming debenture issue.

HINDUSTAN CONSTRUCTION

(Rs crores)	14 months ended 30 Sep 89	12 months ended 31 July 88
Gross revenue	124.95	124.23
Gross profit	7.37	5.17
Profit after tax	2.03	0.22
Equity capital	6.30	6.30
Reserves	17.73	16.73
Gross profit margin (%)	5.90	4.16
Return on net worth (%)	5.5*	0.95
Dividend (%)	13.7*	9.00
Earning per share (Rs)	2.76*	0.35
Book value per share (Rs)	38.54	36.95

annualised

Gross revenue declined by an annualised 14% to Rs 124.95 crores. Operating profit, however, has risen by 7.8% to Rs 14.78 crores, due to lower construction overheads and employee costs. With interest charges declining by 3.5% to Rs 7.41 crores, gross profit improved by 22%. Net profit registered a nine-fold increase to Rs 2.03 crores despite a tax provision of Rs 0.44 crores.

Lean months. HCC has little to rejoice about, however. The extension of the accounting period by two months hasn't done any good either, as these were lean months. Income from construction activities declined, but other sources yielded 162% more at Rs 2.72 crores. These were largely due to profits from the sale of assets amounting to Rs 1.66 crores.

Employee costs during the period, at Rs 27.34 crores, were lower by 17.5% due to the operation of a voluntary retirement scheme. Construction overheads declined by 17% to Rs 74.98 crores; as a percentage of value of work too, they have declined from 62.8% to 61.3%.

Despite the fall in gross revenue, HCC's margins seem okay. Operating margin has risen from 9.5% to 11.8%, gross margin from 4.2% to 5.9% and net margin from 0.18% to 1.6%. Return on net worth improved to 2.8% from a meagre 0.35%. The company's gross margins are more or less the same as those of Gammon India but compare unfavourably with Cemindia's 11.8% and (net margin:

3.3%). Both Gammon and Cemindia earn more on net worth at 5.3% and 9.4% respectively.

Better margins have led to a higher dividend of 13.7% as against the 9% paid for the last year. Despite this, HCC's payout ratio has been lower at 49%. Reason: earlier the company had paid dividend out of reserves which were written back, with a payout ratio of 250%. Annualised EPS is higher at Rs 2.80 against a pittance of 35 paise earned during the previous year.

EPS could go higher this year, given HCC's plans to go into the profitable property development business. For this purpose, HCC has converted its freehold land in Bombay into stock-in-trade and has transferred the asset to its newly-formed subsidiary, Ganga Construction Ltd. As part of its diversification plans, the company has acquired the loss-making Vikhroli Metal Fabricators Ltd.

Debt- equity up. Working capital requirements during the period went up by Rs 15.4 crores which was financed by higher borrowings (cf Rs 10.91 crores) and internal accruals. Due to increased borrowings, the debt-equity ratio has further gone up from 2.4 to 2.8.

HCC is a subsidiary of Premier Construction Co. which holds about 80% of the company's equity. The company has contracts worth Rs 263.12 crores on hand. To meet the long-term working capital requirements and to raise public participation in the equity capital by 15%, the company is issuing 12.5% partly convertible debentures of Rs 70 each aggregating to Rs 6.70 crores. On conversion into two equity shares at par, the equity will increase by Rs 1.91 crores to Rs 8.21 crores.

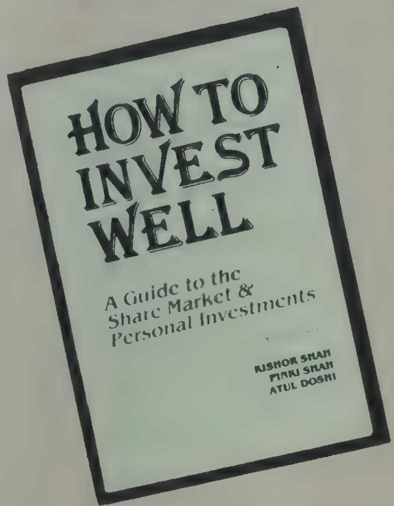
HCC's scrip is quoting around Rs 25.50 (17 April) which discounts its annualised EPS of Rs 2.80 by about nine times, which is below the industry's average of 11. (Cemindia's P/E multiple is 15 and Gammon's 32.)

The EPS works out to 72 paise if the profit on sale of assets is excluded. This EPS discounts the market price by over 40 times.

With a none-too-exciting future, it is advisable to book profit at every rise and to utilise the proceeds to subscribe to the debenture issue.

■ *M.C. Ved*

A BEGINNER'S GUIDE



(By Kishor Shah, Pinki Shah and Atul Doshi. Tata McGraw-Hill Publishing Co. Ltd., New Delhi. pp.252.)

It is a two-in-one volume for lay investors. Putting together two sections, one on the share market and another on personal investment strategies, the authors of *How to Invest well* have attempted to offer a comprehensive fare. To an extent, they have suceeded.

The work covers a wide range of investment issues, from planning an investment strategy to translating them into action. The word strategy is a bit of a misnomer, for the authors aren't talking about grand strategies. But the book scores a point on its information content and would appeal to beginner-investors.

Informative the book is, particularly the section that deals with fixed-income securities. The salient features and tax benefits under each category are listed down point-by-point. This should be the book's USP.

Another plus point is that the section includes information on the mutual fund schemes of the Unit Trust of India (UTI), Canbank Mutual and the Life Insurance Corporation (LIC). As it is meant for lay investors, one will do well not to look for any analytical framework for discussions.

Short on analysis. Adding value to the book is a chapter on investment by non-resident Indians, which again is long on information and short on analysis.

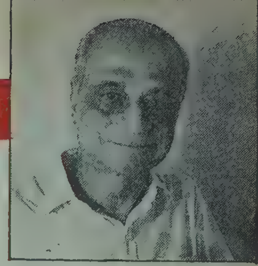
The chapters that talk on investment in shares are obsessed with the fundamental facet of reading balance-sheets and intrepreting them. The 16 pages that have been devoted to technical analyses of share price movements ramble through a maze of time-worn Random Walk and Dow theories and sketchy outlines on charting. For a beginner, however, this should suffice.

There are as many as half a dozen appendices — guidelines for the issue of bonus shares and debentures, among others. These certainly offer a good reason for perusal even by the pros.

The parts of the book which deliberate on tax planning and tax saving strategies are a bit of a waste. Despite the simplicity of its format, most of the info here has been rendered obsolete, thanks to the annual ritual of the Union Budget.

The book does not talk of grand strategies for investment but is very informative. This should appeal to beginner-investors

The best part of the work, however, is the four pages that list the dos and dont's of result-oriented investment in shares. The book's strongest point is that it has been entirely written in an examination guide format. Good for the novice.



A MIXED BAG

The monthly income account scheme of the post office, which came into force from 15 August 1987, is particularly suited to retired persons and housewives who would like a regular monthly income for meeting their day to day needs. Accounts under the scheme can be opened at post offices.

The scheme is open only to individuals and has the following features:

- Accounts can be opened with a minimum amount of Rs 5,000 or in multiples thereof. However, at any given time, the deposits in all accounts taken together should not exceed Rs 2 lakhs in a single name and Rs 4 lakhs in joint names.
- The scheme carries 12% interest per annum, payable monthly. This means that a person depositing Rs 5,000 will receive Rs 50 every month. The interest payment commences from the month following the deposit date.
- The deposit amount, along with a bonus of 10% of the amount, will be returned on the completion of six years from the date of deposit. The deposit-holder has to produce his passbook along with a written application for withdrawing his deposit.
- To provide liquidity and flexibility to investors, premature withdrawals are permitted any time after the expiry of one year. However, premature withdrawals are subject to a penalty of 5% of the deposit amount that will be deducted at source.
- If the depositor dies before the date of maturity, the account may be closed and the deposit refunded to his nominee (or legal heir) with interest upto the month preceding the month in which the refund is made. No bonus is payable on such withdrawals.
- The interest payment has to be claimed every month by the depositor. No overdue interest will be paid on unclaimed monthly interest.

The scheme is generally on the lines of the monthly income schemes offered by the Unit Trust of India (UTI) but compares less favourably. The UTI schemes have wider eligibility and a lower minimum investment amount of Rs 1,000. There is no ceiling on the maximum amount investible. Though the return of 12% is the same, unitholders get post-dated dividend warrants in advance, which saves an investor time and the hassles caused by monthly visits to the post office for the collection of interest.

Unlike National Savings Certificates (which have a six-year maturity and 11% interest), there is no tax exemption on the investment made. But the monthly interest is eligible for s.80-L benefits.

The penalty of 5% of the deposit amount imposed on premature withdrawals is apparently unfair. The scheme has been devised primarily for persons with small means and to penalise them when they need their money badly appears unjustified. Obviously, the objective of the penalty is to dissuade depositors from premature withdrawals. As the loss of 10% bonus on such withdrawals already acts as a disincentive, an additional penalty is uncalled for.

The payment of monthly interest under this scheme, along with the 10% bonus paid at the end of six years, works out to an equivalent rate of 13.92% per annum, payable annually. As a result of the 5% penalty on premature withdrawals, the equivalent rates of interest for different periods are: 1 year — 7.40%; 2 years — 10.17%; 3 years — 11.10%; 4 years — 11.57%; 5 years — 11.85%; 6 years — 13.92%.

BETTER BET

If benefits under s.80L can be availed of, the returns are higher. Quite a few blue-chip and well established companies like Supreme Industries offer 14% interest on a monthly basis and are, therefore, more attractive for non-taxpayers. Many finance companies like Sakthi Finance, Shriram Investments, Empire Finance, Nagarjuna Investments, Apple Industries and Grover Leasing also offer monthly income schemes carrying 14% interest. But while fixed deposits with companies are unsecured, the monthly income account scheme is totally safe. As such it is a better bet for those investors who are concerned more about the return *of* capital than the return *on* capital.

Public sector bonds are equally safe and carry a coupon rate of 13% per annum. But as the interest is payable half-yearly, the equivalent rate of interest works out to 13.42% as compared to 13.92% under the monthly income account scheme.

In sum, the scheme is attractive to those who would like to have a steady monthly income without putting the capital at risk. It has a great potential for mopping up investible funds not only from urban but also rural areas where post offices are the only available channel for investible funds.

For non-taxpayers who would like their investments to grow, Indira Vikas Patras are better. For others desiring a regular income, non-convertible debentures and fixed deposits placed with selected 'strong' companies would be an even better alternative.

■ *M.D. Mukhi*

The author is the president of the merchant banking division of Batlivala & Karani.

IN A NUTSHELL

Scheme: Monthly income account scheme of post office.
Interest rate: 12% p.a.
Mode: Monthly.
Maturity: Six years.
Minimum & maximum amounts investible: Minimum — Rs 5,000 and in multiples thereof. Maximum — Rs 4 lakhs in joint names. Cheques are payable to "Post Master."
Tax benefits: (1) No deduction of tax at source; (2) S.80L benefit.
Liquidity: Premature encashment allowed after one year at 5% discount.
Eligibility: Only individuals, singly or jointly.
Other features: (1) Account to be opened in a post office; (2) two adults in joint names can contribute upto Rs 4 lakhs in the same account; (3) nomination facility available; (4) on maturity, the investor gets 10% bonus along with the invested amount.
Recommendation: Good for the retired and housewives.

Last date for the receipt of entries: 23 May 1990

There's no entry fee, no risk. But there's Rs 5,000 to be won every fortnight. Here's how.

Every contestant is given a notional Rs 1 lakh to invest in shares. The money can be invested in upto five scrips listed on the Bombay stock exchange (BSE) at closing prices on a reference date specified by *BusinessWorld(BW)*. This notional portfolio will be evaluated by *BW* a month later (approximately). Three contestants, whose portfolios register the largest gains, will be entitled to cash prizes: Rs 2,500 being the first prize, Rs 1,500 the second, and Rs 1,000 the third. The names of all the winners will be published in *BW*.

THE RULES

1. The notional amount to be invested is Rs 1,00,000.
2. Investments (in market lots only) can be made in any five companies' equity shares which are listed on the BSE.
3. Investments in debentures or securities other than equity shares are not permitted.
4. No investment can be made in scrips in which there has been no trading on the reference date for investment (16 May for Contest No.13).
5. Investments in scrips quoted below par value on the investment date cannot exceed 25% of the total (Rs 25,000).
6. The maximum amount investible in any one scrip is Rs 50,000.
7. Investments must be made on the basis of the closing prices of shares on a date specified by *BW*. **This time the date is 16 May 1990**. Quotations based on prices at stock exchanges other than Bombay will not be permitted.
8. The portfolio will be evaluated on a date (to be specified by *BW*) roughly one month after the investment date. **This time the date is 13 June 1990**. This too will be on the basis of the closing quotations of the BSE. The official list of the exchange will be the source for determining closing prices. Quotations published in newspapers, magazines or any other publication will not be accepted. In the event of there being any difference in the price quotations given by the contestant and the official list of the Bombay stock exchange, the investments will be deemed to have been made at the latter prices.
9. If the BSE is closed on the specified days, the closing quotations of the first subsequent trading day will be taken into account.
10. Any odd amount left uninvested in the notional portfolio will be assumed to have been deposited in a savings bank account earning an interest of 5% p.a.
11. Contestants will have the option either to invest the entire amount of Rs 1,00,000 (or part thereof) in equity shares or in a savings bank account. (This is just in case investors think stock values will crash and that the money is better invested outside the stockmarkets.)
12. All entries should be accompanied by a coupon (given below) bearing the contest number and must reach the editorial office of *BW* not later than the date specified. **For Contest No.13, the last date for the receipt of entries is 23 May 1990**. Envelopes should be sent by ordinary post only and must carry the following on the outside in big bold letters:"*BW* INVESTOR CONTEST NO.13 (or whatsoever the contest number is). The envelope must be addressed to: The Editor, *BusinessWorld*, 145, Atlanta, 209, Ceremonial Boulevard, Nariman Point, Bombay-400 021.
13. In case of a tie, the money will be divided equally among the winners. For example, if the top two portfolios show the same level of appreciation, the prize money for the first and second prizes will be pooled and distributed to the two winners.
14. For the purpose of this contest, it will be assumed that no brokerage is paid for the purchase of shares.
15. Contestants can send in any number of entries, but each of them must be accompanied by the relevant coupon. Coupons for contest No.13 cannot be used for Contest No.14 and so on.
16. The decision of the Editor, *BusinessWorld*, will be final in deciding any disputes vis-a-vis this competition, which will not be open to any employee of the Ananda Bazar Group of Publications.

Winners of

INVESTOR CONTEST NO.9.

FIRST PRIZE (Rs 2,500): M. Ravinder Reddy

Reddy's portfolio appreciated to Rs 1,40,000.83.

SECOND PRIZE (Rs 1,500): Vinod Goyanka

Goyanka's portfolio appreciated to Rs 1,30,801.46.

THIRD PRIZE (Rs 1,000): Vijay Poddar

Poddar's portfolio appreciated to Rs 1,30,250.63.

After eight contests in which runaway victories were scored on the basis of one or two scrips, Investor Contest No.9 has produced winners who have invested in something that one could call a portfolio.

The first prize winner, Ravinder Reddy, has won before, but this time his investments are spread over three scrips — Godfrey Phillips, Firth India and Candy Filters. He recorded hefty gains with the former two while the last one marked time. Vinod Goyanka (No.2) had an even better distributed portfolio of five scrips (L&T, RPL, Ross Murarka East, Dany Dairy and Tri-Sure) of which four registered gains, while the third prize winner, Vijay Poddar, got by with investments in Reliance, L&T and Tata Industrial Finance.

Unlike earlier contests, the fight was very keen this time. As many as five contestants missed the third spot by slim margins. Better luck next time. For the winners, it's the usual

Congrats!

INVESTOR CONTEST NO.13 — ENTRY FORM

Name of scrip	Price on 16 May 1990	Number of shares purchased	Total investment
Total money invested from Rs 1 lakh capital			

Name:

Address:

INVESTMENT WORLD

RESULTS

GARDEN SILK MILLS LTD.

(Rs crores)

	6 months ended 31 Dec 89	6 months ended 30 Sep 88	15 months ended 30 June 89
Net sales	101.62	80.85	212.99
Other income	4.11	0.44	3.55
Interest	8.03	5.21	17.31
Gross profit	6.47	5.01	17.01
Depreciation	4.61	2.79	9.71
Taxation	—	—	—
Net profit	2.01	2.22	7.29
EPS (Rs)			4.66*
RONW (%)			6.16*

Though turnover has increased 30% over the six months to September 1988, margins at gross and net levels have slid. On a market price of Rs 42.50, the P/E is 13.19. It is advisable to invest at a P/E of about 10.

HARRISONS MALAYALAM LTD.

(Rs crores)

	6 months ended 31 Dec 89	6 months ended 30 Sep 88	15 months ended 30 June 89
Net sales	45.14	34.27	86.86
Other income	1.70	1.56	3.25
Interest	0.60	0.07	0.45
Gross profit	13.40	2.46	13.34
Depreciation	0.70	0.64	1.81
Taxation	7.60	1.40	7.50
Net profit	5.10	0.42	4.03
EPS (Rs)			3.54*
RONW (%)			12.04*

Gross margin has moved up sharply to 28.60% (6.83%) and net margin to 10.89% (1.17%). The annualised EPS is up at Rs 11.21 (Rs 3.54). Quoted at Rs 111, the P/E works out to 9.90 (industry average - 21.08). Buy for medium to long-term.

GOODYEAR INDIA LTD.

(Rs crores)

	6 months ended 31 Dec 89	6 months ended 31 Dec 88	12 months ended 31 Dec 88
Net sales & other income	120.44	95.07	185.88
Interest	1.65	0.87	1.89
Gross profit	9.90	11.61	21.70
Depreciation	3.27	3.31	6.50
Taxation	3.44	4.31	7.50
Net profit	3.19	3.99	7.70
EPS (Rs)			10.26
RONW (%)			16.65

While gross margin has slid by a third to 8.2%, net margin has halved to 2.6%. Annualised EPS works out to Rs 8.50. On a market price of Rs 100, the P/E is 11.76. An overpriced scrip, considering the current fortunes of the tyre industry.

E. MERCK (INDIA) LTD.

(Rs crores)

	6 months ended 31 Dec 89	6 months ended 31 Dec 88	12 months ended 31 Dec 89
Net sales	37.75	29.56	65.46
Other income	1.30	0.92	1.89
Interest	1.44	1.04	2.82
Gross profit	3.39	2.94	4.70
Depreciation	0.52	0.26	0.99
Taxation	0.31	0.98	0.60
Net profit	2.56	1.70	3.11
EPS (Rs)			5.18
RONW (%)			26.31

Though turnover has increased 28.1% over the corresponding previous period, gross margin slipped by a point to 8.68%. Thanks to a lower tax burden margins at the net level picked up a point. The benefits of the DPCO are yet to show up and at Rs 75, the P/E works out to about 14. Buy.

FLAKT INDIA LTD.

(Rs crores)

	6 months ended 31 Dec 89	6 months ended 31 Dec 88	12 months ended 31 Dec 88
Net sales	29.64	23.31	42.95
Other income	0.29	0.07	0.09
Interest	0.22	0.12	0.35
Gross profit	2.28	1.81	3.00
Depreciation	0.16	0.18	0.35
Taxation	0.60	0.49	0.74
Net profit	1.52	1.14	1.91
EPS (Rs)			3.97
RONW (%)			25.56

Flakt India's turnover has increased by 28% over the corresponding period and net profit has risen by a third. The EPS has almost doubled to Rs 6.32. On a market price of Rs 64, the P/E works out to 10.12. The scrip is worth a pick.

ESSAR SHIPPING LTD.

(Rs crores)

	6 months ended 31 Dec 89	6 months ended 31 Dec 88	18 months ended 30 June 89
Net sales & other income	70.41	51.87	144.33
Interest	9.65	8.58	23.21
Gross profit	31.13	15.70	45.49
Depreciation	9.68	7.36	23.95
Taxation	—	—	2.16
Net profit	21.45	8.33	19.39
EPS (Rs)			2.80*
RONW (%)			13.81*

Essar Shipping has posted better margins. Net margin has doubled to 30.5%. The company proposes to provide for tax at the year-end. The annualised EPS stands at a high Rs 9.30, up from the annualised Rs 2.80 in the previous period. The P/E works out to 3.84. The scrip is underpriced. Buy.

CARONA LTD.

(Rs crores)

	6 months ended 31 Dec 89	6 months ended 31 Dec 89	12 months ended 31 Dec 89
Net sales	31.15	27.26	57.47
Other income	1.26	0.47	1.46
Interest	1.18	0.86	2.02
Gross profit	0.31	1.83	0.84
Depreciation	0.22	0.12	0.38
Taxation	(0.61)	0.82	(0.55)
Net profit	0.70	0.89	1.01
EPS (Rs)			1.47
RONW (%)			3.64

The margins have been severely squeezed. While gross margin has plummeted from 6.59% to 0.95%, net margin has slipped by a point to 2.15%, thanks to excess tax provision written back. On an annualised EPS of Rs 1.94, the P/E works out to 20.1. Hold.

THE BOMBAY SILK MILLS LTD.

(Rs crores)

	6 months ended 31 Dec 89	6 months ended 31 Dec 88	18 months ended 31 Dec 88
Net sales	16.44	10.34	32.50
Other income	0.70	0.27	1.31
Interest	0.85	0.66	2.28
Gross profit	0.98	0.84	1.38
Depreciation	0.28	0.30	0.48
Taxation	0.14	0.12	—
Net profit	0.56	0.42	0.90
EPS (Rs)			2.06*
RONW (%)			6.68*

Though turnover has increased 61.5% over the corresponding period of the previous year, margins at gross and net levels are under pressure. On a market price of Rs 28.50, the P/E works out to a low 7.64. Buy for short-term gains.

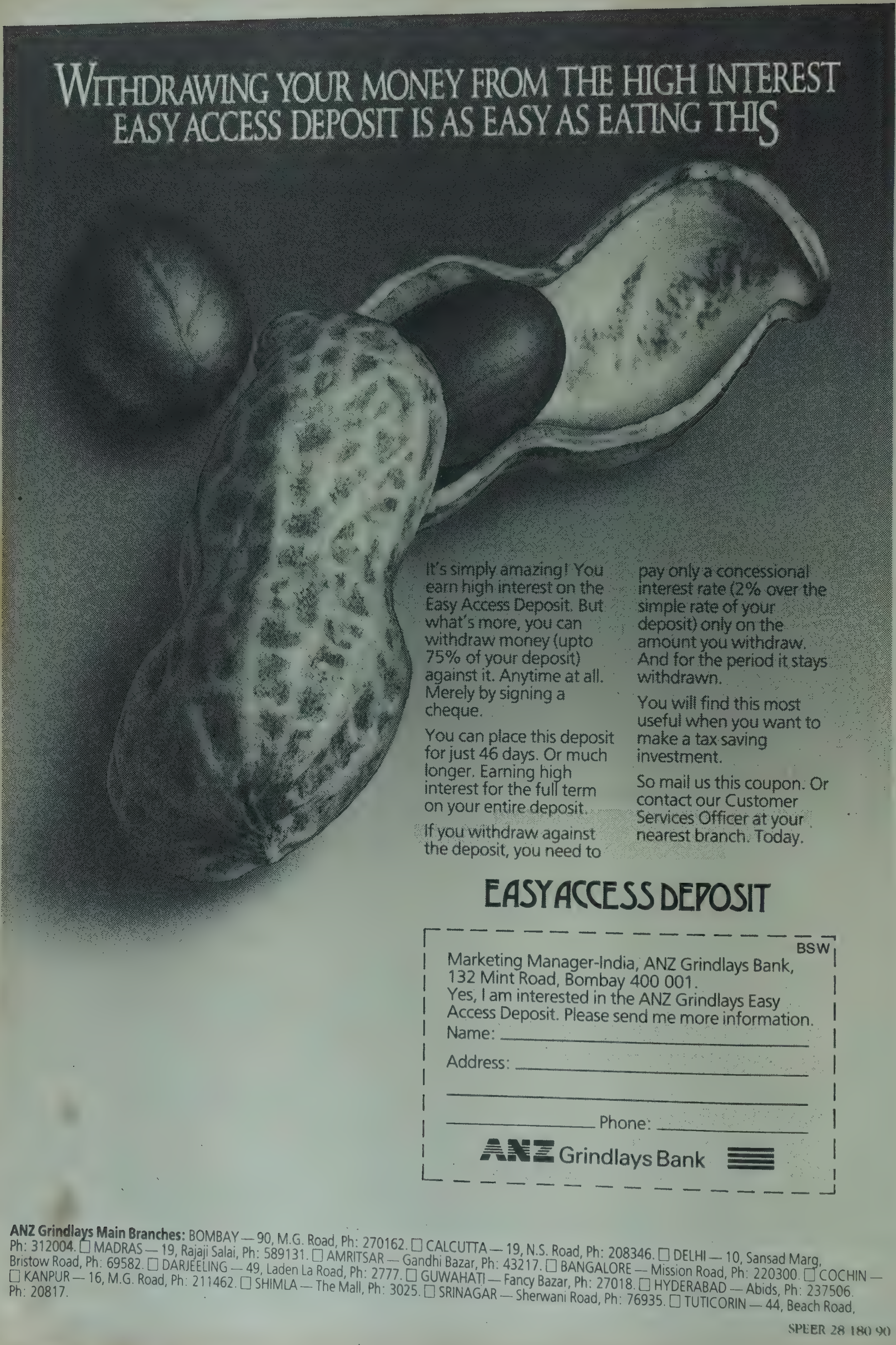
INDIAN RAYON & IND. LTD.

(Rs crores)

	6 months ended 31 Dec 89	6 months ended 31 Dec 88	12 months ended 30 June 89
Net sales	169.93	127.54	271.73
Other income	3.50	4.16	9.62
Interest	14.40	10.77	22.37
Gross profit	23.07	14.12	31.00
Depreciation	12.37	9.08	21.19
Taxation	0.95	—	—
Net profit	9.76	5.04	9.82
EPS (Rs)			3.86
RONW (%)			6.64

Margins at both the gross and net levels have improved by 2.3 points. The EPS for the six months is Rs 3.84, which is equal to that of the whole of last year. On a market price of Rs 106.50, the P/E works out to 13.86. Long-term prospects seem good. Hold.

*Note: *denotes annualised figures: half-yearly figures are unaudited; RONW denotes return on net worth; quotations as on 20 April.*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SPEER 28 180 90

RESULTS

PREMIER AUTOMOBILES LTD.

			(Rs crores)
	6 months ended 31 Dec 89	6 months ended 31 Dec 88	12 months ended 30 June 89
Net sales	251.46	193.95	452.21
Other income	3.31	5.51	12.96
Interest	7.45	7.28	14.83
Gross profit	9.05	6.76	24.78
Depreciation	4.21	3.76	7.68
Taxation	1.59	0.47	3.45
Net profit	3.25	2.53	13.65
EPS (Rs)			6.00
RONW (%)			16.08

Turnover is up 27.72% . While gross margin has risen to 3.55% (3.39%), net margin has stayed put at 1.28%. Its current quote of Rs 59.50 (20 April) gives a P/E multiple of 20.31. The scrip seems overpriced.

MORARJEE GOCULDAS

			(Rs crores)
	6 months ended 31 Dec 89	6 months ended 31 Dec 88	12 months ended 30 June 89
Net sales	54.80	54.31	115.81
Other income	1.14	0.70	3.48
Interest	3.42	3.53	7.10
Gross profit	1.50	0.57	1.03
Depreciation	1.35	1.28	2.59
Taxation	—	—	—
Net profit	0.15	(0.72)	(1.56)
EPS (Rs)			(37.14)
RONW (%)			(15.10)

The company has reported a tiny net profit. Quoting at Rs 450 (19 April), the P/E multiple is high at 63.02 A shift is recommended.

BROOKE BOND

			(Rs crores)
	6 months ended 30 Dec 89	6 months ended 24 Nov 88	12 months ended 30 Dec 89
Net sales	282.75	202.89	539.42
Other income	6.62	4.95	12.32
Interest	4.38	1.43	7.15
Gross profit	24.42	20.89	51.90
Depreciation	1.56	1.38	2.85
Taxation	10.05	6.70	21.00
Net profit	12.81	12.81	28.05
EPS (Rs)			6.36
RONW (%)			41.83

Turnover is up by 36.04%. However, gross margin is down to 8.43% (10.05%). Net margin too has dipped to 4.42% (6.16%). The current quote of Rs 112.50 gives a P/E of 17.68. Hold.

REVATHI-CP EQUIPMENT LTD.

			(Rs crores)
	6 months ended 31 Dec 89	6 months ended 31 Dec 88	12 months ended 30 June 89
Net sales	10.47	10.21	15.70
Other income	0.09	0.25	0.44
Interest	0.62	0.54	1.11
Gross profit	1.28	1.22	1.44
Depreciation	0.07	0.07	0.13
Taxation	0.49	0.46	0.43
Net profit	0.73	0.69	0.88
EPS (Rs)			5.50
RONW (%)			18.11

Margins have improved marginally. Gross and net margins have risen to 12.12% (11.66%) and 6.91% (6.59%), respectively. The annualised EPS of Rs 9.12 for the period gives a P/E ratio of 7.67 on the market price of Rs 70 (20 April). Buying recommended.

WIDIA (INDIA) LTD.

			(Rs crores)
	6 months ended 31 Dec 89	6 months ended 31 Dec 88	12 months ended 31 Dec 89
Net sales	33.30	28.16	55.45
Other income	1.11	1.01	1.62
Interest	1.94	1.70	3.56
Gross profit	5.24	4.25	7.28
Depreciation	1.38	1.05	2.59
Taxation	1.75	1.14	2.00
Net profit	2.53	2.49	3.11
EPS (Rs)			56.65
RONW (%)			18.70

Widia's gross margin is up by half a point to 13.22% (14.56%), while net margin has been clipped to 7.35% (8.53%). At a quote of Rs 650, the P/E is 11.47, which is in keeping with the industry average. A long-term buy.

VARINDER AGRO CHEMICALS

			(Rs crores)
	6 months ended 31 Dec 89	6 months ended 31 Dec 88	18 months ended 31 Dec 89
Net sales	15.62	10.31	37.63
Other income	0.10	0.06	0.26
Interest	0.65	0.52	1.77
Gross profit	2.72	2.31	7.86
Depreciation	0.30	0.29	0.97
Taxation	—	—	—
Net profit	1.77	1.50	5.11
EPS (Rs)			13.82*
RONW (%)			106.58*

Margins are under pressure. Gross margin has been nipped to 17.30% (22.27%) and net margin to 11.23% (14.43%). The company has an amazingly high return on net worth of 106.58%. Its market price of Rs 42.50 gives a low P/E of 3.07. Buy.

ASEA BROWN BOVERI

			(Rs crores)
	3 months ended 31 Dec 89	9 months ended 31 Dec 89	11 months ended 31 Mar 89
Net sales & other income	60.80	154.58	133.65
Interest	2.68	6.81	5.93
Gross profit	3.69	7.49	4.52
Depreciation	0.76	1.81	1.11
Taxation	0.65	1.55	0.31
Net profit	2.28	4.13	3.10
EPS (Rs)			64.05*
RONW (%)			15.45*

Gross margin has perked up to 4.8% (3.38%) and net margin to 2.67% (2.31%). The annualised EPS is also cheery at Rs 104.16 (Rs 64.05) and return on net worth has improved to 25.53% (15.45%). ABB's Rs 100 share has been split-up and the Rs 10 paid-up share is ruling at Rs 70. Buy for medium to long-term gains.

SRICHAKRA TYRES

			(Rs crores)
	6 months ended 31 Dec 89	6 months ended 31 Dec 88	12 months ende? ud 30 June 89
Net sales	7.62	6.70	14.75
Other income	0.02	0.02	0.14
Interest	0.51	0.34	0.68
Gross profit	0.35	0.35	0.78
Depreciation	0.31	0.20	0.47
Taxation	0.01	0.02	0.05
Net profit	0.04	0.12	0.26
EPS (Rs)			0.90
RONW (%)			8.38

Margins have dropped. While gross margin has fallen to 4.58% (5.20%), net margin is a paltry 0.52% (1.78%). The annualised EPS too has shrunk to 27 paise (90 paise). The share price, at Rs 13.50, gives a high P/E of 50. The tyre industry is faring not too well and the company's performance is none-too-charming. Sell.

PROCTER & GAMBLE (INDIA) LTD.

			(Rs crores)
	6 months ended 31 Dec 89	6 months ended 31 Dec 88	12 months ended 30 June 89
Net sales	39.06	34.62	65.44
Other income	0.71	0.29	2.07
Interest	0.58	0.42	0.95
Gross profit	4.81	6.35	9.11
Depreciation	0.86	0.62	1.09
Taxation	0.44	2.05	1.76
Net profit	3.51	3.68	6.26
EPS (Rs)			9.34
RONW (%)			33.60

Procter & Gamble's margins are under squeeze. Gross margin has dipped to 12.09% (18.19%) and net margin by about 2% to 8.83%. The market price of Rs 212.50 (20 April) gives a P/E ratio of 20.28 on an annualised EPS. Hold.

*Note: *denotes annualised figures; half-yearly figures are unaudited; RONW denotes return on net worth; Quotations as on 20 April.*

DARK HORSE SHARES

Dark horse shares live up to their name. They are little-known and rarely written about. But, dark horse shares should generate considerable investor interest, especially if there is an enhanced likelihood of these companies posting enormous profits and entering the super league. Even if these companies fail to achieve or live upto expectations, investors can exit without much suffering as their shares are quite liquid. Low risk and prospective high rewards typify dark horses.

Dark horses are not that easy to identify as they have no fundamentals to write home about. They are not a chartist's delight. Probably what differentiates the dark horse from a roadside donkey is the *commitment* and *sincerity* of the management to the cause of the company. Time and again, one hears of cost and time overruns and projects going through agonising appraisal exercises. If the management can claim to have sincerely implemented the project without any cost or time overruns, then the job is half-done.

Commitment is another unfashionable virtue. Commitment to employees, shareholders, buyers and suppliers has become old hat. A foundation for good performance is not built on shoddy products, the cheating of investors and tax evasion.

POTENTIAL WINNERS

Dark horses invariably demonstrate their will to strive for market leadership and have a clear perception of long and short-term goals. They are the potential winners of tomorrow. Here is an indicative list of some dark horses.

Indo-Gulf Fertilizers (IGFL): It has blue blood in its veins as it hails from the stable of Aditya Birla. The company's project was completed in time without any overruns. In fact, there were some savings in project costs. The progress since then has been satisfactory notwithstanding the unresolved issues of fertiliser pricing and continuation of subsidies. The project, with a debt-equity ratio of 3.3:1, has no conversion clause attached to any of the rupee loans.

For the six months ending 30 September 1989, the company posted a turnover of Rs 152.23 crores. After providing Rs 33.69 crores for depreciation, the bottomline has turned into a small loss of Rs 3.04 crores. The possibility of a dividend this year, however, exists.

At Rs 14.50 (17 April), this thoroughbred in the making is available for a song.

BPL Electronics (BPLE): The first company to go public from the BPL group, BPLE has little to do with electronics and more with the manufacture of injection-moulded plastic components and moulding tools.

Though the electronics (industrial) industry is not high now in investors' preference, BPLE qualifies as a dark horse, thanks to its strong management inputs from T.P.G.Nambiar and the patronage of its highly visible parent. It would be surprising then if BPLE fails to go places after its projects take off. At Rs 36 (17 April), the share appears to be relatively low-priced and its long-term prospects are promising.

Gujarat Nylons Ltd. (GNL): One cannot ask for a better promoter than the Gujarat State Fertilizers Co. (GSFC). Put up at a cost of Rs 11.9 crores, GNL's project promises to be a moneyspinner from the word go. Going cheap at Rs 31.50 (17 April), the share should go its renowned parent's way once the current uncertain phase in the markets blows over.

Indo-Gulf Fertilizers, BPL Electronics, Gujarat Nylons and Vegepro Foods qualify as dark horse shares with a low downside risk and high upside potential

Vegepro Foods (VFL): Promoted by Glaxo and the Pradeshiya Industrial Investment Corporation of Uttar Pradesh (Picup) at a cost of Rs 24.50 crores to manufacture high value-added food products such as soyabean oil, soya meal and edible soyaflour, VFL is truly a dark horse. VFL's plant has gone into commercial production and the products have been well received. With no major snags in raw material supplies or marketing, the company is expected to expand soon. A good pick at Rs 16 (17 April), VFL's share has the potential to spring surprises.

■ *L.V. Sharma*

The author is a Bombay-based investment consultant.

FOUR GROWTH SCRIPS

Pix Transmissions, promoted by the Sethi brothers, is the second largest manufacturer of V-belts in the country. Its plant, located at Nagpur, has a capacity to roll out 24 lakh belts per annum. The company has already received the government's nod to expand capacity by the year-end. Once this materialises, Pix will be the largest V-belt manufacturer, overtaking Fenner India. The others in the business are Dunlop, Nirlon, Hilton Rubber and Andrew Yule.

Recently, Pix, to have an edge over competitors, branched out into the manufacture of raw edge belts. The plant, which will have an annual capacity of 20 lakh belts, is expected to commence production in July this year.

Another product up Pix's sleeve is hose pipes. Next year, the company proposes to set up a 5 lakh metre capacity plant to manufacture medium and high-pressure hose pipes. Since all the three products have practically the same consumers, both in the domestic as well as the international markets, the company can utilise the existing marketing network. Incidentally, Pix is the largest exporter of V-belts and has been bagging export awards for the past three years.

At present, 70% of Pix's turnover constitutes exports. The company is unlikely to increase the export figure since it is keen on having a presence in the domestic market too. Russia gobbles up the bulk of the company's exports. Not content, Pix has attempted to tap other markets which fetch better margins and has tasted success.

The company, which went public in end-1989 expects to tot up a turnover of Rs 8 crores for the year to March 1990. A 16% dividend is expected. For the following year, turnover is likely to jump 44% to Rs 11.5 crores. Currently quoted at Rs 16 (BSE: 25 April), the scrip appears attractive both from the point of view of yield and growth.

Sumex Chemicals is planning expansion in view of the rising demand for synthetic pyrethroids (fenvalerate and cypermethrin technical) and pesticide formulations (monocrotophos, butachlor, endosulphan). Besides, it proposes to manufacture a couple of new products. To meet its raw material needs, Sumex is setting up a multipurpose plant to manufacture meta-phenoxy benzaldehyde (MPBD) and other chemical intermediates.

The market for synthetic pyrethroids is growing rapidly, not only on home turf but also abroad, particularly in cotton growing countries. Fenvalerate was introduced for the first time in India in 1983 and cypermethrin followed the next year.

BusinessWorld takes a look at four scrips worth investing in for short and medium-terms gains

Sumex's financial track record has been good. For the 12 months to 30 June 1989, it chalked up a turnover of Rs 5.37 crores compared to Rs 5.32 crores in the previous 15-month period. Gross profit moved up 44% to Rs 69 lakhs and margins from 11.1% to 12.8%. Net profit rose 43% to Rs 57 lakhs. For the six months to December 1989, Sumex recorded a turnover of Rs 4.94 crores. Profits, at the gross and net levels, were Rs 63 lakhs and Rs 57 lakhs respectively. The earning per share for the six months stands at an attractive Rs 5.04. Even if the company closes the year with an EPS of Rs 7-8, its scrip, quoting at Rs 47.50 (BSE: 25 April), is ripe for picking.

Quality Steel, incorporated in 1983, manufactures steel and steel forgings. In order to further improve the quality of steel, the company has gone in for technological upgradation. Besides, it is setting up a plant in Madhya Pradesh to initially produce ferro silicon using a submerged arc furnace. The major raw materials are steel scrap and ferro alloys. The company has successfully substituted part of the steel scrap consumption with sponge iron.

The cost of technology upgradation, expansion and diversification is estimated at Rs 3.50 crores.

The company's track record for the past five years has been good. For the year ending 31 March 1990, the company expects to clock a turnover of over Rs 12 crores with a net profit of about Rs 75 lakhs. A dividend of 18% pro-rata is expected. For the current year ending 31 March 1991, turnover is estimated at Rs 25 crores and net profit at Rs 2.25 crores.

The company's scrip, quoting at Rs 23 (25 April), appears attractive for medium-term investment.

G.V. Films was the first Indian film company to enter the capital market. It was promoted by R.Venkateswaran who has distributed Tamil, Telugu and Kannada films.

The major activities of the film industry can be classified as production, distribution and exhibition. Among these, the distribution of films offers a lot of scope for profitable operations through rapid rotation of capital even though it involves large outlays. It can be undertaken on an outright purchase, minimum guarantee, or on an agency basis. A distributor can reduce his risks through a judicious combination of agency arrangements and outright purchases.

The strategy adopted by G.V. Films is to carry on film distribution by taking distribution rights for a number of years and purchasing films on an outright basis.

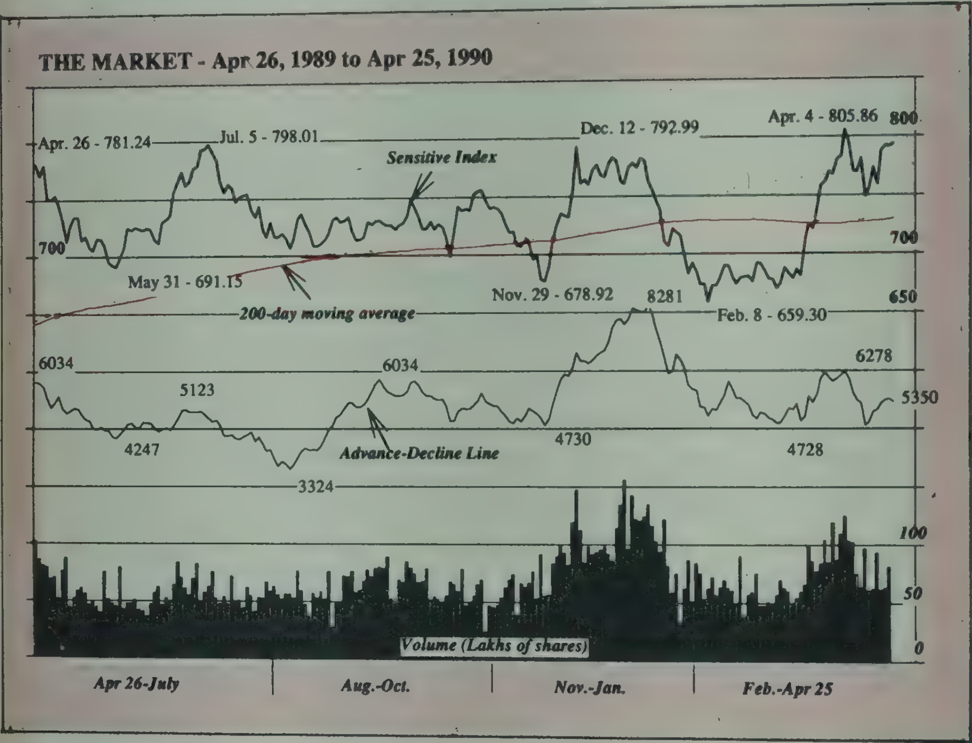
G.V. Films has reportedly done well for the year to 31 March 1990. The company hopes to pay a good dividend. Currently, the share is traded around Rs 22.

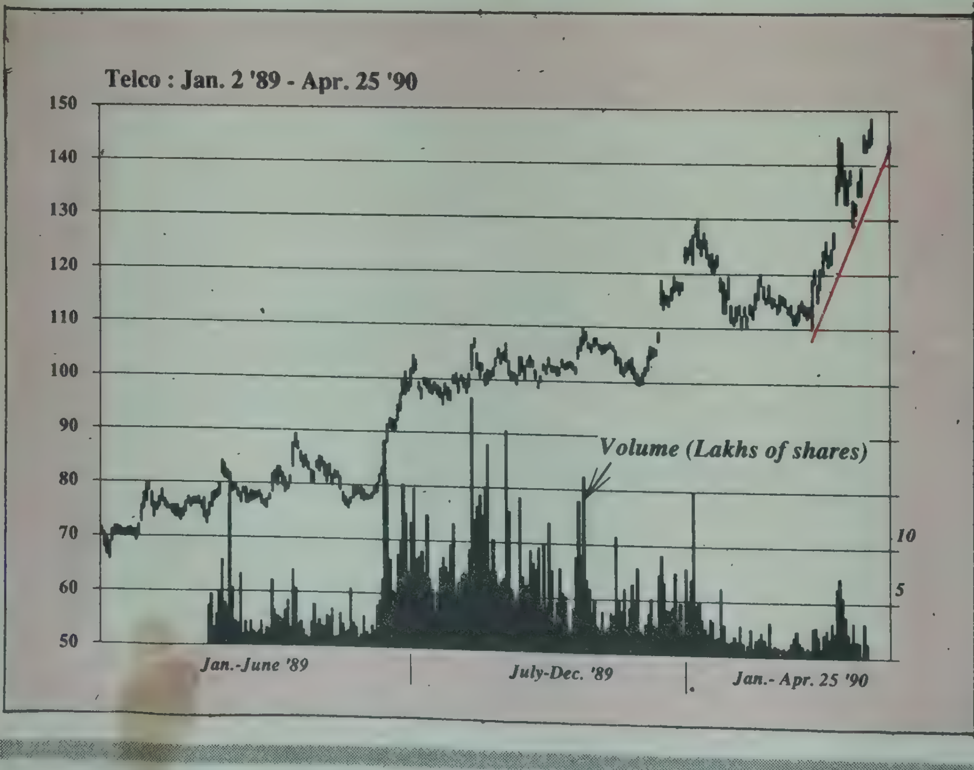
With a potential for a 30% rise over the next six months, the share is worth investing in for short-term gains.

■ *Clifton Desilva*
The author is a Bombay-based investment manager.

BOOK PROFITS

In a fortnight of greatly curtailed trading, the market checked the decline that it had gone into, and improved considerably. The National Index (NI) firmed up from its 12 April close of 406.08 to 420.27, while the Bombay stock exchange sensitive index (Sensex) moved up from 748.79 to 793.58. The last day of trading during the fortnight under review was Wednesday (25 April), with public holidays accounting for the extended weekend. Trading on Dalal Street was restricted to hourly sessions in the first week of the fortnight, and 90-minute sessions in the second. The sessions were curbed to allow brokers to clear a backlog of paperwork resulting from the work-to-rule agitation of the stock exchange's staff union.





The 200-day moving averages (DMA) of the two indices continued to rise marginally. The average for the NI inched up from 388.16 to 389.66, while that for the Sensex was up from 729.22 to 731.54. However, for all practical purposes these averages may be regarded as being flat, and representative of the fact that the market has been within about 10% of its mean price for several months now.

INCONSISTENCY

The volume action continued to be inconsistent with bull market behaviour. During the fortnight, the market rose on five days of trading — 17, 18, 20, 23 and 25 April. The corresponding rises were 6.79, 18.18, 28.21, 5.21 and 1.79 Sensex points. The number of shares traded on the first four of these days was 60.65, 62.04, 61.18 and 63.28 lakhs. (Figures for the fifth day were not available at the time of writing.)

The days of declines were 12, 19 and 24 April when the Sensex fell by 32.38, 14.61 and 0.78 points respectively. The volume figures were much higher than those for the rises — at 96.40, 92.76 and 80.52 lakh shares.

The volume action is beginning to provide a clue to the current state of the market. It would appear that we may be seeing a classic phase of controlled distribution wherein stocks are being transferred from stronger to weaker hands. The "stronger" hands are strong enough to prevent the market from falling too fast — thereby permitting them to sell at better prices. Thus, we see just enough shares being bought to give an upward push to the market by attracting perpetual bulls (hence the low volumes). And once levels have moved up, heavy unloading inevitably follows (reflected in the higher volume figures). Furthermore, the action is concentrated only on the pivotals — after all, there is no need to get extravagant. This is reflected in the advance-decline line, which is simply refusing to rise to the occasion. Incidentally, this distribution started well before the war hysteria began, indicating that the reasons for the unloading are unconnected.

It is not easy to guess who the "controlled distributors" may be, but they are certainly big and certainly smart.

They may even be unconnected parties who have similar perceptions. Even institutional buying and selling behaviour has been consistent with the distribution theory: they dumped in a big way at the top, and made just enough purchases at lower values to invite speculative bulls back into the ring.

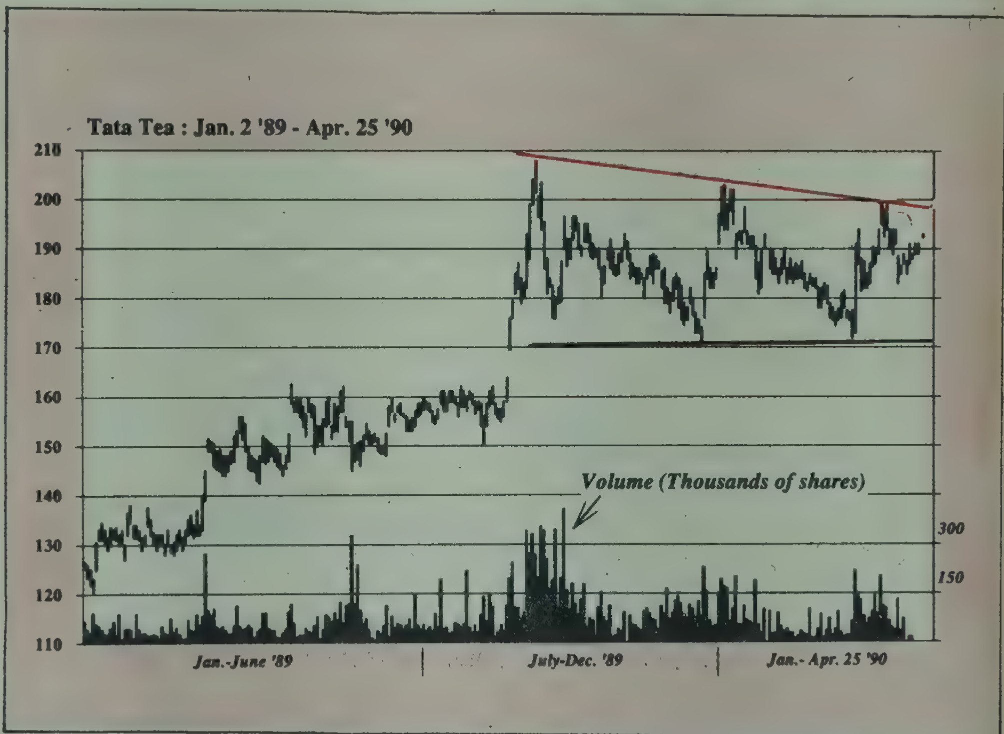
Now that it appears that a distribution phase is in process, we can expect the indices to move within a narrowish range (Dow theorists would call it a "line") until the dumping is over. Going by the values at which the fall that ensued from 4 April was arrested, the range is likely to be within 750-830 for the Sensex and 400-435 for the NI. We may see some chart pattern forming which is representative of this action — most likely a rising wedge or some form of triangle or a rectangle.

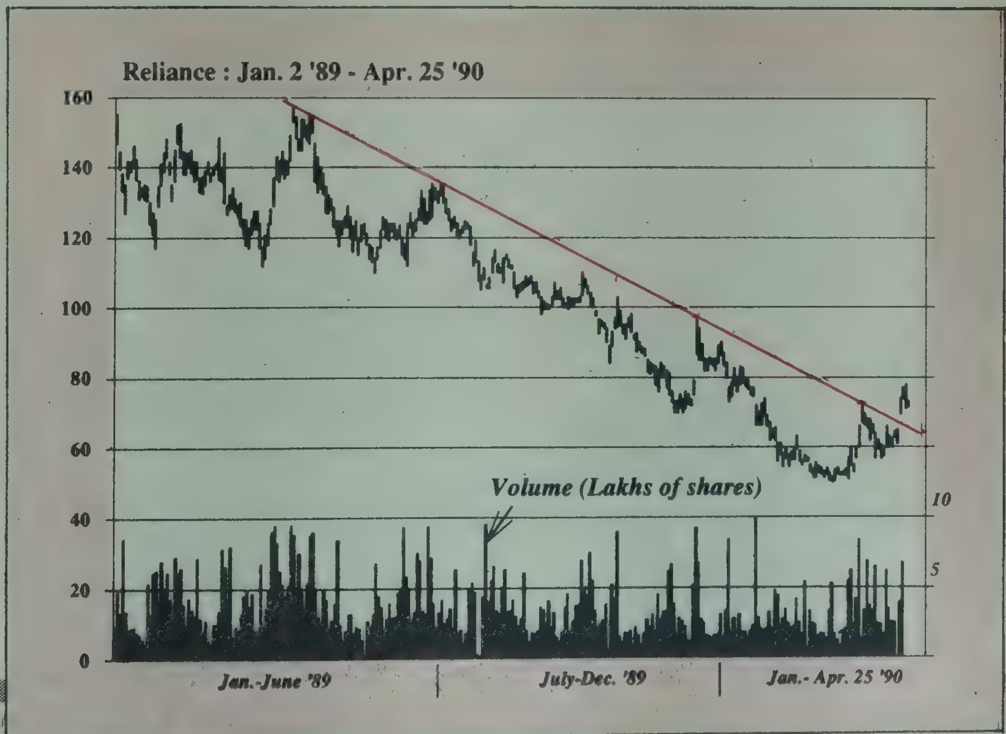
Barring the emergence of some unexpectedly bullish fundamentals, the indices are likely to break out downwards from whatever pattern emerges. The "unexpectedly bullish fundamentals" would not include the excellent corporate results for 1989-90 or the absence of war — these appear to have been discounted already. The best policy now would appear to be to book profits when the indices approach the 4 April tops, and refrain from buying indiscreetly.

Nevertheless, three of the charts covered in this issue appear to be bullish. **Reliance**, of all stocks, appears to have bottomed out. It broke out of its long-standing declining trendline with a jump and good volume. However, it has a declining 200-DMA of Rs 90 — indicating there is still some work to be done before it sees better days. **Gujarat Ambuja Cement** and **Telco** have both been rising steadily, and have just made new bull market highs. Their 200-DMAs are Rs 20.95 and Rs 107.44 respectively, and are rising.

These two stocks may be worth acquiring after declines, provided they do not violate their supporting trendlines. **Tata Tea** is in a descending triangle (or even a rectangle) — safety would indicate getting out in the vicinity of the upper trendline. It has a 200-DMA of 177.93, which is rising.

■ *Deepak Mohoni*
The author is a director of Midas Vision which deals in software and computer graphics.





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INVESTMENT WORLD

VITAL STATISTICS

Company (The figures following the company name indicate face value and market lot in that order)	Eq Cap RsCr	Free Res RsCr	Revl Res RsCr	Book Value Rs	Gross Sales RsCr	Other Inc RsCr	Gross Profit RsCr	GrPr Mgn (%)	PAT RsCr	Adj PAT RsCr	Cash Earn RsCr	EPS Rs	Ret/ Net Worth (%)	Div (%)	Pay Out (%)	Mkt Price 25Apr	P/E Multiple	Last Bonus Ratio	Last Bonus Year	Bonus % in Cap	MarketPrice 1989 High Rs	MarketPrice 1989 Low Rs	MarketPrice 1990 High Rs	MarketPrice 1990 Low Rs	Yield on Mkt Price (%)	Price to BkVal Times
AbacusComp(10/100/d)	1.4	0.2	0.0	11.3	10.2	0.1	0.45	4.3	0.26	0.29	0.37	2.27	12.9	8.0	48	15.75	6.93	0.00	_	0	10	4	NA	NA	6.22	1.40
AbanLoyd(10/100/e)	4.0	0.9	0.0	12.3	13.9	0.0	3.65	26.2	1.12	1.12	3.44	2.82	23.0	10.0	28	38.00	13.47	0.00	_	0	41	14	48	37	2.05	3.10
AbbotLab(10/50/g)	2.3	2.6	0.0	21.5	34.5	0.3	0.69	2.0	0.22	0.97	0.58	1.30	3.4	0.0	NA	37.50	28.76	89:1	80	40	73	38	55	38	NA	1.74
ACC(100/5/a)	56.0	81.3	0.0	245.3	537.2	16.3	26.89	4.9	-5.64	-23.61	18.71	-6.72	-6.2	0.00	NA	425.00	NA	1:5	86	33	374	230	443	229	NA	1.73
AdvaniOer(10/100/b)	7.0	8.9	2.6	22.7	122.0	1.8	4.57	3.7	0.84	0.90	3.37	1.80	3.0	10.0	117	18.00	10.00	1:1	86	46	18	8	19	15	8.33	0.79
AlembicChem(100/5/c)	4.1	9.1	7.2	319.7	84.2	1.7	3.55	4.1	1.70	1.74	3.23	34.39	10.0	18.0	36	300.00	8.72	1:3	66	18	450	260	440	280	5.02	0.94
AlfaLaval(10/50/d)	7.8	19.0	0.0	34.3	68.2	4.3	9.86	13.6	7.77	7.77	7.86	12.42	23.2	20.0	17	112.50	9.06	1:2	89	63	140	72	130	95	1.48	3.28
AmalRasayan(10/50/e)	1.5	2.5	2.3	26.6	22.4	0.4	3.60	15.8	2.35	2.35	3.42	15.88	37.5	25.0	16	70.00	4.41	0.00	_	0	148	19	83	58	3.57	2.63
AmritBan(10/100/e)	2.1	13.9	6.9	77.3	221.7	3.4	6.01	2.7	-0.81	0.93	6.01	-4.11	-3.7	10.0	24	53.75	NA	1:1	89	39	118	80	56	38	1.89	0.69
AntifricBear(10/100/e)	3.2	6.0	0.0	28.6	41.9	1.1	6.05	14.1	2.67	2.68	4.60	8.08	28.3	20.0	25	63.50	7.86	1:2	81	23	60	9	74	60	3.17	2.22
AP Paper(100/5/f)	5.6	6.8	0.0	220.1	69.7	1.1	3.97	5.6	2.21	2.21	3.97	29.44	23.8	0.0	NA	870.00	29.55	1:4	80	20	830	67	1100	625	NA	3.95
AppleInds(10/50/b)	3.8	1.9	0.0	15.1	11.3	0.1	4.38	38.6	2.53	2.41	4.05	10.12	29.8	23.3	54	38.50	3.80	0.00	_	0	35	12	NA	NA	9.07	2.55
ArvindMills(10/50/d)	7.1	34.6	0.0	58.5	190.0	5.8	10.16	5.2	3.95	5.14	9.46	6.92	7.6	24.0	32	50.00	7.22	1:3	86	55	44	25	55	48	4.63	0.86
Asea Br Bv(10/50/h)	5.3	16.6	8.9	41.4	139.2	4.9	4.52	3.1	3.10	3.51	4.21	5.38	11.0	25.1	34	77.50	14.40	1:3	78	30	910	600	NA	NA	2.96	1.87
AsianBearings(10/50/e)	7.4	3.6	0.0	14.8	15.5	0.9	0.61	3.7	-1.54	-0.61	0.14	-2.07	-14.0	0.0	NA	17.00	NA	0.00	_	0					NA	1.15
AsianCab(10/50/e)	5.6	7.3	6.2	23.1	65.4	3.6	5.19	7.5	2.49	3.62	4.69	3.81	11.2	12.0	21	31.00	8.14	1:3	81	25	72	26	38	27	3.87	1.34
AsianPaints(10/50/d)	12.4	41.0	0.0	43.0	272.1	1.7	24.25	8.9	15.12	13.49	18.25	15.12	22.5	33.6	39	228.75	15.13	1:2	87	86	231	161	255	208	1.84	5.32
Assam Co(10/50/f)	7.0	26.0	0.0	47.2	46.1	0.9	12.48	26.6	8.81	8.81	9.98	9.44	35.6	66.7	40	125.00	13.24	1:1	89	50	138	65	149	112	4.00	2.65
Astra-IDL(10/50/f)	2.5	3.0	0.0	21.9	14.0	0.2	1.47	10.4	0.92	0.92	1.23	2.76	22.4	13.3	27	40.00	14.49	0.00	_	0	55	24	45	38	2.50	1.83
AtlasCopco(10/50/d)	7.3	7.8	0.0	20.7	56.7	3.0	2.69	4.5	0.70	0.59	2.39	1.21	3.7	8.0	124	35.00	29.00	1:2	87	82	57	32	49	33	2.88	1.69
AtlasCycle(10/50/f)	1.2	7.6	7.0	76.3	76.8	1.7	2.02	2.6	1.10	1.10	2.02	6.98	9.1	20.0	16	77.50	11.11	1:2	87	80	150	80	80	76	1.91	1.02
AveryIndia(10/50/d)	4.2	11.9	0.0	38.3	44.0	0.9	9.27	20.7	4.02	4.07	4.87	11.96	20.0	28.0	36	122.00	10.20	2:5	84	58	169	93	124	120	2.87	3.18
A.Sarabhai(10/50/e)	18.8	23.1	0.0	22.3	134.8	2.6	4.78	3.5	3.39	2.40	4.61	1.81	8.1	0.0	NA	16.00	8.86	1:5	82	17	26	12	26	11	NA	0.72
BajajAuto(10/50/f)	18.8	346.6	0.0	194.3	599.5	24.7	72.97	11.7	30.50	30.40	68.47	12.16	11.1	46.7	22	437.50	35.98	1:1	87	95	453	290	450	355	0.80	2.25
BajajElec(100/5/f)	1.9	6.6	2.9	443.8	70.0	2.3	2.99	4.1	1.65	1.55	1.90	64.45	19.2	33.3	15	570.00	8.84	1:1	89	50	1450	600	650	540	2.19	1.28
BajajHind(100/5/a)	5.6	23.0	39.9	510.0	75.1	1.5	4.04	5.3	0.60	1.33	3.30	7.14	1.3	18.0	50	535.00	74.90	1:4	86	95	600	380	560	360	2.24	1.05
BajajTempo(10/50/b)	6.6	30.8	0.0	56.7	259.1	4.8	27.73	10.5	3.65	3.73	27.48	8.30	6.5	13.3	35	122.50	14.77	1:1	86	87	152	100	125	118	1.63	2.16
BakeliteHyl(10/50/f)	4.5	10.1	9.4	32.4	55.8	2.2	3.57	6.2	1.66	1.88	3.07	2.77	9.2	18.7	34	32.50	11.75	2:3	80	78	61	24	49	29	4.31	1.00
BallarpurInds(10/100/f)	21.0	66.2	187.5	41.5	364.6	8.1	28.05	7.5	11.65	11.70	25.70	4.11	5.6	24.0	33	145.00	35.32	1:2	89	74	225	64	159	112	1.24	3.49
BarodaRayon(100/5/f)	18.0	32.4	0.0	280.0	132.9	1.0	18.25	13.6	11.30	11.33	16.15	46.74	29.7	20.0	17	847.50	18.13	1:2	82	23	837	285	910	618	1.27	3.03
BASF(10/50/d)	4.3	11.1	2.6	36.2	84.6	5.3	10.32	11.5	3.63	3.47	6.39	10.59	16.0	20.0	26	150.00	14.16	1:2	88	56	155	102	160	123	1.41	4.15
Bata(10/50/e)*	10.5	17.5	0.0	26.7	259.0	0.4	4.81	1.9	1.41	2.46	3.36	1.34	5.0	10.00	43	77.00	57.34	1:1	87	93	159	52	82	64	1.30	2.88
Bayer(100/5/d)	16.2	15.6	0.0	196.0	162.3	2.3	17.71	10.8	9.32	9.25	12.10	71.82	23.5	24.0	53	835.00	11.63	1:1	87	78	910	580	880	800	3.60	4.26
BergerPaints(10/100/f)	3.8	9.9	3.3	36.0	65.9	0.6	1.46	2.2	0.94	0.94	1.32	1.86	7.4	26.7	30	42.50	22.91	1:1	88	52	76	37	53	38	1.73	1.18
Best&Cromp(10/50/e)	7.1	19.1	2.3	37.0	145.4	2.5	2.81	1.9	0.53	0.53	1.98	0.73	1.8	10.0	90	40.00	54.46	3:5	82	27	96	31	59	40	1.66	1.08
BhadrachalamP(10/50/b)	10.6	19.8	0.0	28.8	101.1	0.7	12.08	11.9	6.01	6.94	10.87	8.40	13.0	23.3	54	101.25	12.05	0.00	_	0	121	31	124	80	3.46	3.52
BharatForge(10/50/b)	14.2	25.7	0.0	28.1	235.1	12.8	22.07	8.9	12.33	12.84	19.32	12.99	20.6	25.0	21	97.50	7.51	1:1	88	61	202	65	101	85	1.90	3.47
BharatVijay(100/5/d)	2.8	10.9	6.8	493.1	78.4	1.7	6.92	8.6	3.96	3.81	7.25	178.70	15.5	20.0	18	540.00	3.02	1:6	83	54	895	525	540	480	4.61	1.10
BiharAlloy(10/50/d)	8.2	0.9	0.0	11.1	113.1	1.4	6.12	5.3	2.84	2.77	5.96	4.10	23.6	0.0	NA	28.00	6.84	0.00	_	0	51	32	40	24	NA	2.52
BimetalBearings(10/50/f)	1.9	10.9	0.0	67.1	16.9	0.5	4.33	24.8	2.16	2.16	3.08	8.48	22.5	36.7	25	90.00	10.61	1:1	89	52	145	41	90	80	3.08	1.34
BindalAgro(10/50/e)*	14.9	42.5	0.0	38.6	103.7	2.7	8.52	8.0	7.53	7.53	8.52	5.07	13.1	50.00	24	72.50	14.30	0.00	_	0	120	22	80	55	1.71	1.88
BirlaJute(10/100/e)	20.4	168.0	0.0	92.5	401.8	15.9	31.16	7.5	11.04	11.04	29.06	5.42	5.9	18.0	33	68.00	12.55	1:1	86	86	74	40	72	52	2.65	0.74
BlueStar(10/50/f)	3.6	11.9	5.3	43.4	101.0	9.2	4.36	4.0	2.72	2.72	3.65	5.73	17.4	24.0	24	78.75	13.75	3:5	86	83	83	54	85	70	2.29	1.82
BombayDyg(10/50/e)	11.2	70.7	0.0	72.9	356.1	4.8	41.83	11.6	18.03	18.03	38.52	16.04	22.0	30.0	19	202.00	12.59	1:1	79	87	210	104	231	173	1.48	2.77
Boots(10/50/e)	8.1	8.8	0.0	20.8	61.0	1.7	8.49	13.5	4.43	3.86	5.57	5.47	26.3	23.0	48	102.50	18.74	1:1	87	86	148	100	138	90	2.24	4.92
Britannia(10/100/g)	18.6	22.0	0.0	21.8	355.4	8.5	20.54	5.6	10.99	10.99	12.84	7.89	20.3	24.0	36	116.25	14.73	1:2	89	89	140	82	118	52	1.83	5.33
BSES(10/50/e)	5.9	81.3	0.0	149.0	321.8	2.8	13.08	4.0	8.54	8.52	13.08	14.34	9.6	20.0	14	40.50	2.82	1:1	89	69	90	33	100	35	4.94	0.27
BST (10/50/b)	3.7	1.5	9.2	14.1	49.6	10.2	-0.82	-1.4	-1.71	-1.47	-0.82	-7.22	-8.2	0.0	NA	8.75	NA	1:1	74	36	11	6	NA	NA	NA	0.62
CableCorp(10/100/d)	9.0	18.7	0.0	30.7	122.1	4.9	19.17	15.1	10.34	10.17	12.59	14.36	29.9	22.0	24	75.00	5.22	1:2	87	71	92	58	83	60	3.67	2.44
Cadburys(10/50/f)	8.4	12.1	0.0	24.4	67.5	0.8	8.08	11.8	4.45	4.47	5.78	3.97	29.0	33.3	47	155.00	39.01	1:1	87	80	157	98	173	134	1.61	6.36
Camphor&Allied(100/5/d)	2.6	8.2	0.0	415.0	35.9	0.4	6.13	16.9	3.81	3.78	4.73	183.17	28.2	20.0	17	68.75	0.38	1:3	82	53	355	123	NA	NA	36.36	0.17
Carborundum(10/50/e)**	5.9	21.1	5.1	45.7	64.2	1.6	11.52	17.5	5.72	5.72	7.92	9.66	17.8	25.00	26	80.50	8.33	2:5	87	83			108	75	3.11	1.76
Ceat(10/50/e)	14.8	75.4	26.1	61.1	410.2	11.0	42.29	10.0	21.35	21.27	27.79	14.46	18.4	30.0	21	80.00	5.53	1:2	86	37	180	91	160	74	3.75	1.31
Cemindia Co(10/50/b)	1.3	8.1	0.0	73.1	26.0	0.1	3.07	11.7	1.30	1.32	2.37	15.23	9.3	26.7	39	103.00	6.76	3:5	84	38	130	68	125	93	3.87	1.41
ChowguleSt(10/50/e)	10.0	0.1	0.0	10.1	42.9	0.4	13.67	31.6	4.86	4.86	13.67	4.86	48.3	0.0	NA	30.50	6.28	5:2	77	35	20	3	34	23	NA	3.03
ClassicDia(10/100/d)	3.5	2.5	0.0	17.2	46.7	0.1	3.02	6.5	2.92	2.92	2.93	10.43	38.8	12.0	14	67.00	6.42	0.00	_	0	41	9	84	61	1.71	3.90
CochinRef(100/5/e)	68.5	82.2	0.0	220.0	1164.2	3.3	61.78	5.3	41.50	41.56	54.92	60.61	27.6	18.0	4	655.00	10.81	0.00	_	0	510	265	655	595	0.40	2.98
ColourChem(100/5/e)	7.9	13.4	0.0	268.8	101.5	4.6	6.46	6.1	3.02	3.66	5.41	38.04	14.2	22.0	48	610.00	16.04	2:5	80	84	700	410	825	575	3.61	2.27
ConFound(10/100/b)	0.5	1.2	0.0	32.5	5.2	0.1	0.97	18.2	0.10	0.81	0.95	2.88	3.9	20.0	20	36.00	12.48	0.00		33	NA	NA	NA	NA	8.55	1.11
CromptonGr(100/5/f)	9.6	39.1	28.5	507.0	320.2	3.0	14.82	4.6	7.75	8.91	12.52	60.55	13.4	24.0	19	950.00	15.69	1:1	89	69	1425	600	1000	800	1.90	1.87

NOTE: The year 31 March for all above companies unless otherwise indicated. The accounting period in each case is, however, mentioned in the bracket following the company's name: a-8 months; b-18 months; c-10 months; d-15 months; e-12 months; f-9 months; g-16 months; h-11 months; i-14 months; j-17 months; k-13 months; l-7 months. (ended Dec88, ** ended Aug88, + ended Sep88, ++ ended Jul88).*

Where the accounting period is other than 12 months, the figures for EPS, return on net worth and dividend have been annualised.

INVESTMENT WORLD

VITAL STATISTICS

Company (The figures following the company name indicate face value and market lot in that order)	Eq Cap RsCr	Free Res RsCr	Revl Res RsCr	Book Value Rs	Gross Sales RsCr	Other Inc RsCr	Gross Profit RsCr	GrPr Mgn (%)	PAT RsCr	Adj PAT RsCr	Cash Earn RsCr	EPS Rs	Ret/Net Worth (%)	Div (%)	Pay Out (%)	Mkt Price 25Apr	P/E Multiple	Last Bonus Ratio	Last Bonus Year	Bonus % in Cap	MarketPrice 1989 High Rs	MarketPrice 1989 Low Rs	MarketPrice 1990 High Rs	MarketPrice 1990 Low Rs	Yield on Mkt Price (%)	Price to BkVal Times
Cyanamid(10/50/g)	5.3	9.8	0.0	28.6	64.1	2.0	5.87	8.9	2.96	0.55	4.79	7.52	14.8	15.0	191	99.00	13.17	9:4	79	74	108	55	115	86	2.02	3.46
DCM(10/100/f)	23.0	31.8	0.0	23.8	552.6	13.1	15.14	2.7	4.15	6.54	15.03	1.35	10.1	0.0	NA	56.25	41.60	4:5	71	61	85	31	60	47	NA	2.36
DCW(10/50/b)	5.9	20.4	14.8	44.6	170.3	3.8	7.88	4.5	3.85	3.85	7.38	9.80	6.2	21.3	29	60.00	6.12	1:1	88	67	44	25	66	40	3.11	1.35
DeepakFert(10/50/e)	14.8	11.1	0.0	17.5	45.9	2.3	16.26	33.7	6.96	6.94	14.68	4.54	25.9	18.0	40	29.50	6.50	0.00	_	0	52	23	39	26	6.10	1.69
DeepakNitrite(10/50/j)	2.4	5.7	9.3	33.3	39.6	3.4	5.42	12.6	2.08	2.72	4.35	12.13	8.4	25.0	25	92.00	7.59	2:5	85	81	54	27	105	80	3.04	2.76
DharamsiMor(10/50/d)	6.4	10.5	0.0	26.4	124.1	3.1	5.95	4.7	1.99	2.28	5.55	3.87	9.4	16.0	56	50.00	12.90	2:5	79	88	46	27	55	40	3.99	1.89
Dunlop(10/100/e)	19.0	64.8	94.6	44.1	407.7	10.3	32.06	7.7	9.99	9.99	23.24	5.24	5.6	30.0	57	56.00	10.69	1:3	76	54	100	61	75	53	5.36	1.27
Duphar (10/50/d)	1.8	3.2	0.0	27.2	31.3	1.0	1.84	5.7	0.77	1.25	1.65	5.23	12.3	14.0	20	50.00	9.56	1:3	88	74	85	38	70	40	2.72	1.84
EicherMot(10/100/h)	10.0	0.3	0.0	10.3	92.1	0.6	-2.74	-3.0	-3.42	-3.42	-2.74	-3.14	-36.4	0.0	NA	18.00	NA				17	9	19	16	NA	1.76
EIDParry(10/50/e)	6.3	14.5	13.3	33.1	206.7	27.3	15.40	6.6	9.42	9.42	12.59	15.00	27.6	25.0	17	90.00	6.00				72	34	92	72	2.78	2.72
EleconEngg(10/50/d)	5.7	27.0	0.0	57.7	150.0	1.4	13.11	8.7	3.27	3.25	10.94	7.23	8.0	16.0	35	76.00	10.51	3:5	87	61	85	50	88	68	2.63	1.32
ElgiEquip(10/50/h)	1.0	9.4	0.0	103.8	44.6	0.5	3.33	7.4	2.09	2.09	3.08	19.16	22.0	19.6	9	230.00	12.01	1:1	86	88	340	260	260	200	0.78	2.22
Enfield(10/100/f)	5.0	0.0	9.0	10.0	53.9	0.2	0.74	1.4	-1.36	-1.36	0.74	-2.25	-14.3	0.0	NA	13.75	NA	1:1	85	31	14	9	21	13	NA	1.38
EnglishElect(10/100/e)	9.0	18.2	0.0	30.2	60.9	1.1	4.88	7.9	2.46	2.46	3.51	2.73	9.1	7.5	28	68.50	25.06	1:1	87	75	72	47	76	56	1.10	2.27
Escorts(10/50/d)	33.9	91.0	23.7	36.9	759.0	24.4	32.81	4.2	18.00	18.31	29.40	6.64	9.7	22.4	48	86.00	12.96	3:5	86	57	84	58	90	78	3.02	2.33
Eskayef(10/50/g)	7.5	21.0	0.0	38.0	68.5	1.4	13.00	18.6	8.22	8.60	8.45	14.61	21.6	20.3	24	131.25	8.98	1:2	88	33	151	102	133	121	2.06	3.46
EssarShip(10/100/b)	46.1	47.8	0.0	20.4	142.9	1.5	45.49	31.5	19.39	19.52	43.34	6.28	13.7	20.0	68	37.75	6.01				35	16	38	26	7.60	1.85
EssenComp(10/50/h)	1.3	6.6	0.0	59.9	16.8	1.2	2.40	13.3	1.64	1.64	1.79	11.30	22.4	24.0	9	58.75	5.20	0.00	_	0	NA	NA	83	48	1.79	0.98
EverestBldg(10/50/d)	2.5	12.7	0.0	61.4	92.6	2.3	7.22	7.6	4.83	4.04	5.89	24.44	25.5	32.0	25	162.50	6.65	1:3	66	41	150	102	185	133	2.47	2.65
ExcelInd(10/50/b)	4.6	11.5	0.0	34.9	103.2	8.2	12.05	10.8	7.17	6.77	9.95	23.28	29.7	66.7	68	188.00	8.08	4:5	84	82	180	116	189	182	5.32	5.39
FerroAlloys(10/50/f)	5.5	29.9	0.0	641.8	158.6	3.7	22.43	13.8	12.50	11.30	19.15	169.84	47.0	26.7	10	102.50	0.60	1:2	80	43	1675	580	126	100	19.44	0.16
FinolexCables(10/50/g)	3.2	30.8	0.0	105.1	126.1	6.1	29.12	22.0	19.02	19.02	22.43	78.27	41.9	45.0	10	215.00	2.75	4:5	88	44	430	220	283	203	2.78	2.05
FinolexPipes(10/100/l)	9.0	9.9	0.0	21.1	38.3	1.6	2.32	5.8	1.82	1.89	2.32	1.18	16.5	25.7	11	35.00	29.60				51	44	65	33	0.67	1.66
GE Shipping(10/100/f)	64.9	57.9	0.0	18.9	111.9	2.4	45.06	39.4	22.74	23.46	40.68	2.63	24.7	16.0	28	51.75	19.68	2:3	81	36	53	33	55	44	1.99	2.73
GeneralElect(10/50/e)	7.2	27.9	0.0	48.7	149.3	2.4	7.23	4.8	3.06	10.03	4.32	4.25	8.7	15.0	11	21.00	4.94	1:1	89	53	85	46	22	19	7.14	0.43
GermanRem(100/50/d)	3.3	5.4	0.0	26.7	56.4	0.9	2.11	3.7	0.77	1.01	1.91	2.95	7.1	12.0	49	81.00	27.43	3:5	82	80	102	60	100	68	1.86	3.04
Glaxo(10/50/f)	20.0	46.1	0.0	33.0	223.5	7.6	15.25	6.6	7.60	13.64	12.83	2.85	15.3	26.7	29	98.00	34.39	1:3	80	54	107	70	128	91	2.04	2.97
GNFC(10/50/f)	89.0	101.2	0.0	21.4	238.8	3.2	20.07	8.3	22.76	22.76	34.80	1.92	16.0	13.3	39	37.50	19.55				57	28	48	36	2.67	1.75
GodfreyPhil(10/100/d)	2.6	3.8	0.0	24.6	452.0	1.8	4.93	1.1	1.47	1.47	3.19	6.97	18.2	28.0	63	66.25	9.50	1:1	75	34	62	25	69	55	5.28	2.70
GokakPatel(10/50/f)	6.5	19.1	0.0	39.3	60.9	5.9	6.30	9.4	3.91	3.91	6.05	4.50	20.3	26.7	33	106.00	23.57	1:1	87	79	120	67	115	75	1.88	2.70
GoodlassNero(10/50/f)	3.2	6.2	8.0	29.0	84.8	0.9	1.49	1.7	0.95	0.95	1.28	2.20	7.3	16.7	43	71.25	32.40	5:7	78	57	90	42	83	60	1.78	2.46
GordonWood(10/50/e)	2.5	3.7	3.4	24.7	16.8	0.2	-1.73	-10.2	-1.87	-1.87	-1.73	-7.51	-19.6	0.0	NA	6.50	NA	0.00	_	0	14	3	NA	NA	NA	0.26
Graphite(10/50/d)	4.2	9.6	0.0	32.8	58.6	2.3	4.16	6.8	2.13	2.13	3.72	6.24	12.2	16.0	40	45.00	7.22	1:2	80	56	38	18	45	15	4.43	1.37
Grasim(10/50/e)	48.5	217.7	0.0	54.9	803.0	32.2	92.27	11.0	39.64	48.33	73.12	8.13	14.8	27.5	22	125.75	15.46	3:4	88	61	137	75	200	106	1.70	2.29
GreavesCot(100/5/f)	9.9	23.2	0.0	334.9	142.8	3.0	8.08	5.5	5.02	5.01	6.44	37.88	20.1	24.0	24	625.00	16.50	1:2	88	86	720	375	710	625	1.91	1.87
GSFC(10/50/d)	44.9	208:5	0.0	56.4	676.3	14.7	70.61	10.2	35.55	48.66	61.51	9.88	11.2	30.0	21	175.00	17.71	3:10	87	64	190	123	188	166	1.29	3.10
GTC Ind(10/50/f)	5.0	58.9	0.0	127.9	157.4	13.6	4.43	2.6	1.92	1.92	2.28	2.88	4.0	32.0	63	30.00	10.42	1:4	72	66	28	13	31	21	8.00	0.23
Guj Alkalies(10/50/e)	17.9	31.0	0.0	27.3	101.0	1.3	15.69	15.3	8.01	5.73	16.89	4.47	16.4	26.0	81	81.75	18.28	1:5	87	18	78	62	89	75	3.18	3.00
Guj Ambuja(10/100/e)	20.0	5.6	0.0	12.8	94.2	1.4	11.58	12.1	3.86	3.97	11.59	1.93	15.1	12.0	60	31.25	16.19				28	14	31	21	3.84	2.44
Guj Steel(10/50/e)	4.6	9.8	7.3	313.0	116.2	1.8	3.39	2.9	1.80	1.59	4.15	39.13	8.3	15.0	43	29.00	0.74	1:1	82	57	380	210	36	25	51.72	0.09
HCL(10/100/e)	14.9	24.7	0.0	26.6	172.5	2.0	11.39	6.5	9.60	9.60	10.93	6.46	24.3	10.0	15	33.00	5.10				43	27	37	24	3.02	1.24
HDFC(100/10/f)	20.0	44.6	0.0	322.9	107.5	0.2	18.69	17.3	16.47	14.50	17.96	61.76	34.0	18.7	19	340.00	5.50				345	175	355	330	4.12	1.05
Herdillia(10/50/f)	7.4	24.4	15.0	43.2	65.1	1.5	9.83	14.8	6.24	5.66	7.72	6.37	17.8	28.0	27	91.00	14.29	1:2	78	33	112	66	100	85	2.30	2.10
HeroHonda(10/50/f)	16.0	3.8	0.0	12.3	101.7	2.8	-1.38	-1.3	-4.97	-4.70	-1.38	-3.11	-25.2	0.0	NA	18.00	NA				39	16	18	15	NA	1.46
HicoProd(10/50/d)	3.3	4.8	0.0	24.4	60.3	0.2	2.03	3.4	0.09	0.18	2.00	0.34	0.9	0.0	NA	32.50	95.33	0.00		0	64	14	35	32	NA	1.33
Hind Ciba(100/5/d)	17.7	40.1	0.0	326.3	255.5	3.7	31.40	12.1	14.91	13.59	22.17	105.24	20.6	24.0	39	1270.00	12.07	1:2	80	74	1465	600	1660	960	2.36	3.89
Hind Motors(10/100/e)	26.4	46.0	32.3	27.4	525.9	13.2	5.34	1.0	-5.81	-4.77	5.34	-2.20	-5.6	7.5	-41	26.25	NA	1:1	86	58	51	20	31	20	2.85	0.96
HMM (10/50/h)	14.2	20.8	0.0	24.6	100.9	3.9	20.21	19.3	12.84	14.43	13.61	8.30	40.1	53.5	48	292.50	35.24	1:1	87	96	270	155	320	230	1.68	11.87
Hoechst(100/5/d)	9.6	32.8	17.5	442.1	239.4	29.6	8.55	3.2	4.51	4.51	7.70	58.85	6.0	16.0	43	1830.00	31.10	1:2	82	72	2040	490	2300	1260	1.10	4.14
HyderabadInd(10/50/d)	5.5	33.6	8.9	70.8	143.9	5.9	11.74	7.8	6.23	6.23	8.55	14.08	10.4	20.0	23	118.00	8.38	1:1	88	82	153	77	NA	NA	2.18	1.67
ICI (10/50/b)	40.9	84.2	39.4	30.6	693.6	170.2	42.45	4.9	20.90	21.80	41.17	7.67	8.5	15.0	42	39.00	5.08	1:3	78	21	69	37	40	37	5.77	1.27
IndiaCements(10/50/e)	4.9	19.0	24.8	48.8	132.2	4.8	3.00	2.2	-1.16	-0.87	3.00	-2.37	-2.4	8.0	-45	32.50	NA	2:5	70	29	32	13	33	15	2.45	0.67
IndiaFoils(10/50/d)	4.4	15.1	3.8	44.5	105.2	9.3	6.23	5.4	2.70	2.70	4.33	7.71	9.3	24.0	49	82.50	10.71	1:4	82	11	103	61	96	78	3.63	1.86
IndianAlum(10/100/d)	41.5	66.8	0.0	26.1	446.5	8.5	46.87	10.3	27.73	28.22	38.62	8.35	20.5	20.0	37	162.50	19.46	2:5	77	38	193	49	176	110	1.54	6.23
IndianDystuff(100/5/e)	11.3	13.4	18.5	218.6	190.5	13.2	5.46	2.7	0.82	1.59	5.46	7.24	1.9	10.0	59	340.00	46.94	1:4	80	40	260	165	380	250	2.44	1.56
IndianHotels(10/50/e)	14.8	49.7	0.0	43.6	115.9	1.9	17.11	14.5	9.37	9.37	15.61	6.34	14.5	30.0	32	89.00	14.05	1:2	89	50	150	80	93	83	2.25	2.04
IndianOrganic(10/50/e)	18.4	20.6	0.0	21.2	215.7	5.9	17.48	7.9	5.44	5.44	16.76	2.96	13.9	10.0	34	50.00	16.91	1:2	85	46	54	23	59	46	2.00	2.36
IndianRayon(10/50/e)	25.4	122.3	68.5	58.1	309.7	9.6	31.00	9.7	9.82	10.88	31.01	3.81	4.5	28.0	66	106.00	27.80	1:4	80	3	106	75	114	84	2.64	1.82
IndiaSteamship(10/50/e)	9.9	-53.5	0.0	-44.1	83.7	8.7	22.70	24.6	11.61	11.61	22.69	11.72	-26.6	0.0	NA	14.00	1.19	1:1	75	27	17	10	19	12	NA	NA
Indrol(10/50/e)	6.2	24.3	1.9	49.5	154.9	2.3	11.76	7.5	7.27	9.84	8.66	11.80	22.4	36.0	19	215.00	18.22	1:1	86	41	335	175	246	161	1.43	4.34

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INVESTMENT WORLD

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IngersollRand(10/50/d)	15.8	23.1	0.0	24.6	102.3	7.2	21.73	19.8	13.21	13.21	14.51	10.46	27.2	36.0	27	230.00	21.98	1:1	89	97	425	180	245	190	0.98	9.33
IOL (10/50/b)	14.6	19.2	13.5	23.2	221.8	0.7	12.94	5.8	4.17	5.70	12.16	4.28	5.9	6.7	26	35.00	8.17	1:3	85	81	50	41	40	33	2.86	1.51
ITC (10/100/f)	66.3	41.9	84.5	16.3	1058.7	9.0	53.00	5.0	29.20	29.20	34.99	3.30	20.2	53.3	45	69.00	20.90	1:1	89	63	130	40	69	50	2.90	4.23
JagtjitInd(10/100/e)	6.1	19.1	3.9	41.5	121.8	1.8	12.99	10.5	8.45	8.45	10.40	13.93	29.1	35.0	25	117.50	8.44	1:1	88	92	120	60	120	74	2.99	2.83
JaiprakashInd(10/100/d)	66.1	41.9	9.5	16.3	217.4	20.4	35.49	14.9	11.90	12.36	33.26	2.25	8.1	14.4	96	15.00	6.67				17	10	19	13	11.95	0.92
JayshreeTea(10/50/e)	6.2	15.1	23.6	34.6	97.4	14.1	7.96	7.1	1.03	2.68	6.99	1.67	2.3	15.0	34	130.00	77.62	1:2	85	92	113	47	135	77	1.15	3.76
Jenson&Nichol(10/50/f)	1.5	4.5	2.2	39.9	53.8	0.4	1.80	3.3	1.16	1.17	1.59	5.75	18.8	20.0	20	76.50	13.30	8:7	82	35	65	32	78	75	2.00	1.92
JindalStrips(10/100/f)	3.3	19.8	0.0	69.9	136.9	3.5	9.06	6.5	5.77	6.57	7.99	13.11	33.3	33.3	13	112.50	8.58	1:1	89	58	285	112	145	100	2.24	1.61
JK Syn(10/100/e)	38.4	130.0	107.0	43.8	764.5	9.7	64.80	8.4	18.35	18.86	62.60	4.69	6.5	22.0	39	57.50	12.27	1:3	83	53	92	55	67	50	3.24	1.31
JyotiInd(10/50/b)	2.7	10.2	8.6	48.1	59.1	0.6	-10.42	-17.5	-11.64	-11.62	-10.42	-65.15	-36.2	0.0	NA	13.50	NA	1:2	77	24	11	6	23	8	NA	0.28
KanoriaChem(10/100/f)	4.0	25.7	0.0	73.6	51.1	1.7	4.69	8.9	0.68	0.68	4.58	1.26	3.0	20.0	59	18.00	14.26	1:2	89	66	51	29	33	18	5.50	0.24
KEC Intl(10/50/b)	7.3	29.0	4.7	49.5	139.4	11.2	6.31	4.2	2.79	3.59	4.71	5.70	4.5	16.7	35	41.00	7.19	1:1	83	35	72	26	65	38	4.19	0.83
KesoramInd(10/100/e)	8.9	48.1	49.5	64.3	182.4	6.4	5.87	3.1	-6.19	-0.36	5.87	-7.14	-5.9	10.0	****	41.25	NA	1:2	79	67	66	39	54	41	2.41	0.64
KineticEngg(10/50/f)	2.4	19.5	0.0	91.1	88.0	1.5	9.30	10.4	3.27	2.88	9.30	10.22	19.9	40.0	13	145.00	14.19	1:1	89	78	395	120	148	134	1.03	1.59
KineticHonda(10/100/i)	10.0	2.8	0.0	12.8	69.9	1.2	3.17	4.5	1.57	1.36	3.18	1.83	10.5	0.0	NA	42.50	23.20				36	23	44	40	NA	3.31
KirloskarCum(10/50/e)+	26.4	27.1	0.0	20.3	181.9	4.4	23.68	12.7	11.40	10.18	18.68	4.29	21.2	22.50	59	75.50	17.61	1:1	86	94	100	43	90	65	2.98	3.73
KirloskarOil(10/50/f)	5.8	15.0	0.0	36.0	102.6	3.5	5.28	5.0	2.28	2.34	4.76	2.87	14.2	13.3	26	35.00	12.20	3:7	76	77	67	29	40	27	2.88	0.97
KirloskarPneu(10/50/b)	3.9	9.0	0.0	33.5	103.1	5.6	10.92	10.0	6.65	6.55	9.36	25.91	34.4	15.0	13	50.00	1.93				73	45	73	50	4.52	1.49
KothariInd(10/50/e)	7.6	5.8	41.5	17.7	74.4	2.6	5.38	7.0	3.55	3.55	5.09	4.70	6.5	12.5	26	39.00	8.29				34	6	51	32	3.19	2.21
KSB Pumps(10/50/d)	8.7	14.7	0.0	26.9	55.4	1.4	15.10	26.6	8.31	8.38	9.81	11.94	28.4	24.0	16	227.50	19.05	1:1	89	90	445	180	228	185	0.66	8.45
LakhanpalNat(10/50/e)	4.7	6.1	0.0	23.1	61.2	0.6	2.79	4.5	1.16	1.15	1.85	2.47	10.7	16.0	31	31.50	12.74	1:1	87	50	40	16	34	23	2.44	1.36
LakshmiMach(100/5/d)	6.1	18.9	0.0	409.7	614.0	10.0	16.42	2.6	6.97	6.80	15.77	143.06	22.3	16.0	18	870.00	6.08	1:2	89	58	700	365	960	690	2.30	2.12
L&T(10/50/b)	68.1	209.9	84.3	40.8	1197.1	16.0	109.4	9.0	36.52	42.49	96.56	8.05	6.7	20.0	41	75.00	9.32	3:5	86	56	128	69	122	57	3.40	1.84
MadrasCements(100/5/d)	3.0	12.0	0.0	498.0	99.7	1.4	4.85	4.8	-7.07	-6.71	4.81	-297.2	-38.2	0.0	NA	725.00	NA				810	380	725	421	NA	1.46
MaduraCoats(10/50/f)	21.8	46.8	56.9	31.4	210.0	1.7	20.74	9.8	11.43	11.49	18.79	3.93	12.1	33.3	48	113.00	28.77	1:2	86	47	109	90	116	101	2.22	3.59
MafatlalDyes(10/50/d)	3.2	7.9	0.0	35.0	52.6	1.9	2.78	5.1	1.49	1.49	1.63	5.91	10.8	13.6	19	38.50	6.51	1:4	89	67	70	27	39	33	2.39	1.10
MafatlalFine(100/5/e)	14.5	23.8	0.0	264.3	177.4	14.9	7.98	4.2	1.33	3.04	7.72	9.19	3.5	10.0	48	235.00	25.57	1:3	80	39	375	180	275	205	4.26	0.89
MafatlalInd(100/5/e)	13.5	43.5	0.0	423.6	125.3	10.5	8.41	6.2	0.65	0.67	7.51	4.83	1.1	20.0	322	460.00	95.18	1:5	78	32	390	255	500	360	3.49	1.09
MahScooters(10/50/e)	2.9	27.4	0.0	105.9	85.9	10.0	11.19	11.7	7.41	7.39	7.99	25.91	24.5	35.0	14	380.00	14.67	1:1	86	65	306	215	415	185	0.92	3.59
Mah&Mah(10/50/j)	19.3	76.2	29.8	49.5	955.9	36.9	45.58	4.6	18.54	20.09	42.48	13.64	10.5	24.7	34	87.50	6.42	2:3	84	72	113	76	103	68	4.08	1.77
Mang chem(10/50/d)	12.4	12.4	0.0	20.0	144.8	36.3	10.09	5.6	8.85	12.74	18.84	8.91	28.6	8.0	10	17.00	1.91				54	17	24	16	5.87	0.85
May&Baker(10/50/d)	4.5	7.6	0.0	26.9	70.4	2.0	5.88	8.1	3.96	0.93	5.30	11.00	26.2	12.0	73	72.50	6.59				85	50	98	69	2.08	2.70
McDowells(10/100/f)	7.7	47.8	21.0	72.2	135.2	8.6	11.21	7.8	8.65	8.65	11.20	8.44	15.1	26.7	18	85.50	10.13	1:1	86	81	112	68	87	72	2.35	1.18
Mico (100/5/e)*	38.1	56.4	0.0	248.3	228.3	5.2	44.81	19.2	15.07	15.44	30.71	39.61	15.9	14.00	35	860.00	21.71	1:1	86	91	700	318	NA	NA	1.63	3.46
ModiInd(10/100/b)	3.3	0.0	0.0	10.0	230.7	6.4	-10.96	-4.6	-16.34	-8.39	-10.97	-74.23	-329.9	0.0	NA	20.00	NA	1:5	69	26	35	16	30	15	NA	2.00
ModiRubber(10/50/h)	10.4	52.5	0.0	60.6	408.9	5.0	26.13	6.3	13.51	13.51	22.13	11.93	23.4	27.3	19	63.75	5.34	0.00	-	0	125	70	75	44	3.93	1.05
ModiSteels(10/100/b)	2.4	1.8	0.0	17.6	21.5	0.6	1.41	6.4	1.02	0.98	1.21	6.48	16.3	16.00	22	36.00	5.55	1:1	87	14	44	23	44	23	2.59	2.04
ModiXerox(10/50/h)	19.5	1.8	0.0	10.9	87.2	0.9	8.70	9.9	4.29	3.57	7.97	2.02	22.1	12.0	56	70.50	34.90				73	52	75	64	1.45	6.47
MRF(10/50/b)	3.9	44.9	0.0	126.2	743.3	1.4	55.61	7.5	25.02	25.02	40.95	97.23	34.2	60.0	14	195.00	2.01	1:2	75	46	470	275	333	190	4.61	1.55
Mukand(10/50/f)	14.7	35.0	45.2	33.7	316.0	1.8	26.27	8.3	17.51	17.41	23.42	8.91	24.6	26.7	17	134.00	15.04	1:2	88	72	145	75	157	127	1.49	3.97
NationalSteels(10/50/e)	4.2	6.5	0.0	25.7	66.0	2.7	4.95	7.2	1.67	1.67	4.95	3.94	15.4	15.0	38	11.00	2.79				17	6	15	10	13.77	0.43
NatRayon(100/5/f)	6.0	-12.1	64.3	-101.3	123.0	1.0	3.31	2.7	1.73	1.31	3.31	20.34	3.7	0.0	NA	525.00	25.81	1:4	72	23	500	140	690	520	NA	NA
NipponDenro(10/100/b)	11.6	14.8	0.0	22.7	155.8	3.0	10.73	6.8	5.13	5.13	10.08	6.62	13.0	20.0	57	41.50	6.27				63	31	58	39	6.01	1.83
Nirlon(10/50/b)	15.8	8.5	16.7	15.4	153.9	2.1	-32.90	-21.1	-51.02	-73.38	-32.90	-48.56	-83.1	0.0	NA	16.00	NA	1:2	82	48	17	8	22	14	NA	1.04
NOCIL(100/5/d)	36.0	82.0	0.0	327.8	449.6	16.2	75.77	16.3	40.74	40.79	55.77	141.46	27.6	32.0	35	1260.00	8.91	1:2	86	67	1690	710	1660	1070	3.17	3.84
OrientalCarbon(10/50/e)	2.4	8.6	6.4	45.5	50.5	0.2	3.50	6.9	1.40	1.40	3.25	5.79	8.0	22.5	39	62.50	10.80	1:3	89	25	65	34	NA	NA	3.57	1.37
OrientPaper(10/100/e)	11.5	80.9	0.0	80.6	190.3	4.6	8.23	4.2	0.93	3.03	8.03	0.79	1.0	10.0	38	67.50	84.93	1:1	86	94	79	20	79	65	1.49	0.84
Orissa Cement(10/100/d)	5.4	26.7	23.7	59.4	141.5	3.8	8.22	5.7	0.25	6.28	8.22	0.58	0.4	16.0	17	33.00	57.02	1:1	87	58	37	32	35	25	6.06	0.56
Otis(10/50/g)	5.0	15.1	0.0	39.9	78.6	1.5	14.60	18.2	7.42	7.42	9.23	19.63	27.7	30.0	27	250.00	12.74	1:1	85	86	215	170	265	190	1.60	6.26
ParkeDavis(10/50/g)	7.5	7.3	0.0	19.7	100.8	1.0	6.16	6.1	3.06	3.37	4.16	5.42	15.5	26.3	78	90.00	16.61	3:5	78	31	115	37	90	83	3.90	4.57
PeicoElec(10/100/d)	33.3	19.9	20.0	16.0	506.3	6.0	-3.15	-0.6	-17.00	-13.49	-15.61	-6.38	-18.6	0.0	NA	28.00	NA	1:5	82	49	30	15	32	17	NA	1.75
PhillipsCarbon(10/50/e)	5.3	6.6	4.2	22.5	65.0	1.7	2.69	4.0	1.21	1.21	1.69	2.30	7.5	18.0	79	46.00	20.00	2:5	84	70	47	27	48	40	3.93	2.05
Polyolefins(100/5/d)	19.3	45.0	0.0	333.3	224.7	12.2	41.60	17.6	27.12	27.12	32.39	175.65	33.7	28.0	25	1065.00	6.06	1:2	88	69	1450	890	1525	1025	3.29	3.20
PrakashTubes(10/50/e)	3.5	11.5	0.0	42.7	71.3	0.5	5.27	7.3	2.56	2.56	4.79	7.29	17.1	21.0	29	36.00	4.94	3:4	81	9	59	30	37	34	5.86	0.84
PremierAuto(10/50/e)	21.1	62.1	50.7	39.5	452.2	13.0	24.78	5.3	13.65	13.74	21.33	6.48	10.2	27.0	35	59.00	9.10	1:1	86	38	76	39	75	54	3.85	1.49
Procter&Gamble(10/50/e)	6.7	11.6	0.0	27.4	65.4	2.1	9.11	13.5	6.15	6.26	7.24	9.21	33.6	30.0	32	215.00	23.35	4:5	88	82	410	170	235	185	1.39	7.84
PudumjeePulp(10/50/d)	3.1	12.0	0.0	48.9	51.5	1.8	5.77	10.8	2.38	2.38	5.31	9.66	12.7	12.0	19	112.50	11.65	1:5	82	55	100	16	118	100	1.33	2.30
PunjabConcast(10/50/f)	1.2	10.9	0.0	102.5	58.2	0.2	6.25	10.7	3.69	4.38	4.75	23.45	40.7	33.3	7	205.00	8.74				380	122	265	180	1.20	2.00
PunjabTractors(10/50/g)	3.2	20.8	0.0	76.2	117.4	1.6	8.53	7.2	3.90	3.90	5.55	16.51	12.2	30.0	16	167.50	10.15	2:5	81	29	250	115	195	135	1.18	2.20
Rallis(10/50/h)	9.5	36.2	0.0	48.0	296.7	2.5	11.52	3.9	7.59	8.02	10.28	7.30	18.1	27.3	30	72.50	9.93	3:10	77	12	150	90	105	70	3.44	1.51

NOTE: The year 31 March for all above companies unless otherwise indicated. The accounting period in each case is, however, mentioned in the bracket following the company's name: a-8 months; b-18 months; c-10 months; d-15 months; e-12 months; f-9 months; g-16 months; h-11 months; i-14 months; j-17 months; k-13 months; l-7 months. (ended Dec88, ** ended Aug88, + ended Sep88, ++ ended Jul88).*

Where the accounting period is other than 12 months, the figures for EPS, return on net worth and dividend have been annualised.

INVESTMENT WORLD

VITAL STATISTICS

Company (The figures following the company name indicate face value and market lot in that order)	Eq Cap RsCr	Free Res RsCr	Revl Res RsCr	Book Value Rs	Gross Sales RsCr	Other Inc RsCr	Gross Profit RsCr	GrPr Mgn (%)	PAT RsCr	Adj PAT RsCr	Cash Earn RsCr	EPS Rs	Ret/ Net Worth (%)	Div (%)	Pay Out (%)	Mkt Price 25Apr	P/E Multiple	Last Bonus Ratio	Last Bonus Year	Bonus % in Cap	MarketPrice 1989 High Rs	MarketPrice 1989 Low Rs	MarketPrice 1990 High Rs	MarketPrice 1990 Low Rs	Yield on Mkt Price (%)	Price to BkVal Times
RanbaxyLabs(10/50/d)	9.0	29.1	0.0	42.5	179.7	6.4	10.20	5.5	5.57	2.60	9.63	7.77	11.7	30.0	56	93.75	12.07	1:1	88	NA	132	70	110	86	1.73	2.20
Rasoi(10/50/d)	1.2	5.7	0.0	57.7	74.2	1.2	1.73	2.3	0.77	0.91	1.40	8.02	8.9	16.0	26	57.50	7.17	1:2	85	35	75	45	60	53	3.48	1.00
RathiAlloys(10/50/f)	2.9	12.9	0.0	54.9	84.2	0.3	9.67	11.4	2.02	2.02	7.77	5.26	17.0	40.0	43	136.25	25.90				167	93	161	136	2.22	2.48
Raymonds(10/50/e)	22.5	69.2	0.0	40.8	295.1	4.4	42.35	14.1	21.10	21.47	36.75	9.24	22.7	20.0	21	80.50	8.71	1:1	87	78	86	66	88	70	2.48	1.97
Reckitt&Col(10/50/e)*	8.4	13.5	0.3	26.1	71.4	1.4	12.08	16.6	6.75	6.75	7.40	8.05	30.4	30.00	37	210.00	26.10	1:1	88	70	230	145	210	198	1.43	8.04
ReliancePetro(10/100/e)	86.5	0.5	0.0	10.1	0.0	26.6	6.81	25.6	5.02	5.02	5.87	0.58	5.8	15.00	90	25.50	43.92	0.00	_	0	52	37	27	22	2.06	2.54
Reliance(10/50/f)	152.1	913.4	0.0	70.0	1112.5	7.9	166.2	14.8	79.37	95.40	166.2	3.88	9.9	40.0	48	73.00	18.81	3:5	83	10	158	70	90	50	4.11	1.04
Revathi CP(10/50/e)	1.6	3.3	0.4	30.3	17.4	0.4	1.44	8.1	0.88	0.88	1.01	5.38	16.3	20.00	37	67.50	12.56	1:1	87	50	240	51	80	73	2.96	2.23
SandvikAsia(100/5/e)*	5.8	8.8	0.0	252.1	45.8	0.8	6.72	14.4	2.71	2.93	4.93	46.89	18.6	25.00	49	675.00	14.40	1:1	84	80	1010	580	900	620	3.69	2.68
Searle I(10/50/d)	5.2	14.8	0.0	38.4	51.5	1.5	5.14	9.7	2.66	2.81	3.99	6.37	10.6	16.8	30	120.00	18.84	1:2	89	87	217	87	150	108	1.33	3.13
SesaGoa(10/50/e)	5.2	10.2	0.0	29.8	53.9	0.3	3.43	6.3	1.10	1.13	3.22	2.14	7.2	14.0	64	105.00	49.16	2:5	86	42	78	26	106	89	1.33	3.52
Sesha Paper(10/100/e)	6.3	0.0	0.0	10.0	53.3	1.8	0.53	1.0	-2.50	-2.50	0.52	-4.00	-40.0	0.0	NA	12.00	NA	1:2	76	28	19	4	13	10	NA	1.20
ShalimarPaints(10/100/d)	1.9	1.6	0.0	18.4	69.8	0.6	-1.96	-2.8	-2.09	-2.09	-1.96	-13.82	-48.0	0.0	NA	41.00	NA	3:10	82	67	49	20	44	38	NA	2.23
ShawWallace(10/100/f)	12.0	28.1	0.0	33.4	216.3	20.7	15.67	6.6	8.85	8.85	10.02	5.53	29.4	40.0	41	82.50	14.92	1:1	87	94	103	74	92	67	3.64	2.47
ShreeSyn(10/50/f)	5.6	15.1	0.0	36.9	94.4	0.4	9.33	9.8	4.29	4.29	8.98	5.73	27.6	33.3	33	55.00	9.61	2:5	84	29	72	31	58	42	4.56	1.49
SI Shipping(100/5/e)+	6.0	12.3	0.0	304.2	49.6	3.4	-0.06	-0.1	-1.32	-1.33	-0.06	-22.00	-7.2	0.00	NA	1530.00	NA	1:2	82	83	360	60	1625	1200	NA	5.03
SI Viscose(100/5/e)	11.0	21.2	0.0	292.1	103.0	1.9	21.63	20.6	12.89	17.09	15.43	116.86	40.0	35.0	23	1330.00	11.38	1:2	87	56	1170	650	1345	1110	2.63	4.55
SiptaCoated(10/100/j)	17.6	6.3	0.0	13.6	129.4	2.9	4.76	3.6	1.25	1.71	4.03	1.01	3.7	12.0	89	15.50	15.40				28	15	30	13	5.58	1.14
SiyaramSilk(10/100/d)	3.7	7.9	0.0	31.7	86.4	1.7	5.14	5.8	1.14	1.14	4.92	3.89	7.9	14.4	58	31.50	8.09	1:2	88	42	40	23	35	24	5.72	0.99
SKF Bearings(100/5/d)	24.7	36.4	0.0	247.4	131.1	4.6	34.93	25.8	21.12	21.01	27.43	106.88	27.7	24.0	18	1320.00	12.35	1:1	89	80	3020	1140	1570	1230	1.14	5.34
SpecialSteels(10/50/d)	11.4	20.0	0.9	27.5	205.9	0.8	24.22	11.7	14.96	12.60	19.57	16.39	37.0	20.0	15	125.00	7.63	1:2	89	45	168	103	128	90	1.34	4.54
SpicELECT(10/50/d)	34.0	74.2	173.4	31.8	557.8	24.1	44.02	7.6	13.86	13.86	40.77	5.10	3.9	16.0	49	14.00	2.75	1:1	86	50	65	38	19	12	14.29	0.44
StandardInd(10/50/e)	11.1	37.9	35.0	44.3	176.4	16.4	12.08	6.3	3.97	3.97	11.93	3.59	4.7	20.0	56	78.50	21.87	2:5	82	72	580	210	79	61	2.55	1.77
StrawProducts(10/100/d)	10.1	38.5	0.0	48.0	152.4	4.0	11.72	7.5	4.70	4.70	11.41	-6.50	-8.7	24.0	-58	83.00	NA	1:2	72	17	105	45	102	73	3.61	1.73
SundramFast(10/50/e)	5.1	12.1	0.0	33.6	70.9	1.3	6.76	9.4	3.50	3.60	6.01	6.86	20.4	25.0	36	72.00	10.49	3:5	88	56	86	50	86	61	3.49	2.14
SupremeInd(10/50/e)	2.3	13.5	18.6	69.1	85.3	0.6	5.92	6.9	3.27	3.27	5.86	14.34	9.5	45.0	26	255.00	17.78	1:1	87	70	270	187	310	225	1.48	3.69
SurajDiamonds(10/100/h)	7.7	21.3	0.0	37.8	72.6	0.0	6.66	9.2	6.29	6.29	6.51	7.53	23.7	21.8	14	55.00	7.31				110	60	65	51	2.07	1.45
SwadeshiPoly(10/50/b)	3.9	13.9	19.8	45.7	98.6	2.8	7.84	7.7	3.50	4.77	4.34	13.46	6.2	23.3	29	42.00	3.12				57	28	53	38	8.36	0.92
SylvaniaLaxman(10/50/b)	3.0	0.4	7.3	11.3	54.2	1.0	0.57	1.0	-0.52	0.36	0.57	-2.67	-3.3	0.0	NA	23.00	NA	1:2	86	33	26	12	30	20	NA	2.03
Syn&Chem(10/50/e)	5.8	9.4	27.1	26.1	119.7	1.1	8.48	7.0	6.30	6.34	7.38	10.84	14.9	25.0	23	73.00	6.73				81	47	84	64	3.42	2.80
TataChem(10/50/e)	49.2	215.8	0.0	53.9	256.8	34.9	67.80	23.2	35.79	35.79	53.30	7.28	13.5	19.0	24	121.00	16.62	2:5	85	29	130	98	137	118	1.43	2.25
TataPower(100/5/e)	20.5	80.0	0.0	490.7	367.1	12.4	29.16	7.7	22.63	22.45	29.34	110.11	22.4	18.0	16	457.50	4.16	1:5	75	6	457	300	620	410	3.93	0.93
TataPress(10/50/e)	1.6	6.4	0.0	50.4	14.9	0.8	1.79	11.4	0.83	0.83	1.68	5.29	10.5	22.00	42	58.00	10.97	7:11	83	30	88	33	73	55	3.84	1.15
TataRobins(10/50/e)	3.1	4.9	0.0	25.6	54.5	1.2	2.76	5.0	0.92	0.92	1.93	2.95	11.5	18.0	41	35.00	11.87	1:4	77	5	63	42	47	36	3.48	1.37
TataTea(10/50/d)	17.1	78.8	0.0	56.1	218.9	12.6	28.61	12.4	16.86	36.68	21.91	12.33	14.1	40.0	21	191.00	15.49	2:5	88	40	208	120	203	173	2.39	3.40
TataTelecom(10/100/f)	4.5	1.1	0.0	12.4	12.5	0.2	0.60	4.7	0.17	0.17	0.60	0.28	4.1	0.00	NA	50.00	176.5	0.00	_	0	22	15	56	50	NA	4.03
TataUnisys(10/50/d)	4.4	5.1	0.0	21.6	43.1	0.3	5.29	12.2	2.42	2.52	4.33	6.91	20.4	22.00	48	80.00	11.58	2:5	87	29	250	60	85	24	3.42	3.70
TCI(10/50/f)	5.1	14.1	15.8	37.8	88.0	0.7	3.36	3.8	1.11	1.11	3.36	1.64	4.2	14.7	50	49.00	29.90	1:2	86	81	34	14	68	38	2.25	1.30
Telco(100/5/e)	103.7	307.4	0.0	396.5	1638.5	37.9	128.3	7.7	70.03	71.44	113.18	67.36	17.0	25.0	34	144.00	2.14	2:5	82	24	1195	657	145	110	16.24	0.36
Tinplate(10/50/e)	10.1	11.1	0.0	21.0	138.2	1.1	7.27	5.2	4.37	4.37	6.53	4.32	20.6	15.0	35	32.50	7.53	4:5	76	19	42	20	38	27	4.62	1.55
Tisco(10/50/e)	156.1	645.5	0.0	51.4	1772.5	89.3	274.0	14.7	154.3	134.8	248.0	9.89	19.3	30.0	34	124.25	12.57	2:5	87	44	158	102	137	103	2.38	2.42
Tomco(25/5/e)	8.1	20.6	0.0	88.5	282.1	6.5	4.98	1.7	2.16	2.16	4.36	6.26	7.1	15.0	60	141.25	22.57	1:5	81	36	95	52	150	90	2.66	1.60
TribeniTiss(10/50/d)	8.0	8.0	0.0	20.1	57.1	0.1	5.00	8.8	2.07	2.60	3.63	3.25	10.4	18.0	69	86.50	26.58	1:4	84	31	95	34	97	74	2.60	4.31
TVS Suzuki(10/100/k)	23.1	-5.4	0.0	7.7	174.4	2.2	7.60	4.3	3.09	3.09	7.60	1.45	16.1	0.0	NA	11.00	7.59				26	11	16	9	NA	1.44
TwCenturyFin(10/50/e)	8.9	11.3	0.0	22.7	25.2	1.2	16.56	62.8	3.56	3.51	15.89	4.01	17.7	22.0	56	31.00	7.73	2:5	85	34	35	15	34	28	7.08	1.37
UnichemLab(10/50/b)	1.4	4.8	3.6	45.7	65.9	1.2	0.99	1.5	0.16	0.22	0.96	1.78	1.1	10.0	91	40.00	22.50	1:2	86	67	62	40	40	30	3.70	0.88
UnionCarbide(10/50/d)	32.6	45.0	0.0	23.8	254.3	3.5	12.33	4.8	5.52	9.92	9.33	2.12	5.7	0.0	NA	23.25	10.98	1:2	80	74	29	18	30	22	NA	0.98
Unitech(10/100/d)	7.2	12.8	0.0	27.8	58.1	0.9	6.89	11.7	4.68	4.78	5.59	8.11	18.7	20.0	31	31.00	3.82				30	18	43	26	6.71	1.11
UnivCables(10/50/e)	5.3	42.1	0.0	88.8	116.6	2.1	15.08	12.7	1.02	1.46	3.08	1.91	2.2	27.0	75	105.00	54.97	1:2	79	22	180	110	122	100	1.94	1.18
VideoconIntl(10/100/b)	2.5	5.7	0.0	32.7	103.3	2.6	11.91	11.2	6.32	6.32	11.56	37.92	51.5	26.7	16	210.00	5.54				205	55	210	180	1.90	6.42
VikrantTyres(10/50/e)	10.4	4.3	0.0	14.1	200.7	0.9	17.25	8.6	2.75	2.75	16.70	2.54	18.0	15.0	59	26.50	10.44	0.00	_	0	50	20	27	20	5.66	1.88
VindhyaTele(10/100/e)	3.9	9.3	0.0	33.7	53.4	1.4	10.11	18.4	6.67	6.73	8.21	17.10	50.7	22.5	13	83.75	4.90				145	85	100	81	2.69	2.48
VIP Inds(10/100/e)++	6.0	5.4	0.0	18.9	67.4	1.5	3.01	4.4	0.73	0.81	2.87	1.22	6.4	12.00	89	22.50	18.49	1:1	84	59	30	15	23	17	5.33	1.19
Voltas(10/50/l)	19.9	28.2	0.0	242.3	264.1	1.2	11.53	4.3	8.63	9.03	11.53	25.36	30.8	24.0	20	75.00	2.96	1:2	89	49	1000	470	79	65	12.09	0.31
VST Ind(10/50/b)	9.7	10.2	16.5	20.5	434.2	3.2	8.31	1.9	4.82	4.82	6.76	7.49	8.8	33.3	63	57.50	7.67	3:5	89	85	57	22	58	33	5.44	2.80
WestCoastPaper(100/5/f)	4.1	4.5	0.0	210.2	65.9	0.8	1.35	2.0	0.37	0.32	1.35	6.77	5.7	0.0	NA	390.00	57.62	1:5	74	37	220	81	440	290	NA	1.85
WI Enterprises(10/50/b)	4.8	9.7	1.6	30.1	65.9	0.1	4.83	7.3	1.72	1.72	4.46	5.36	7.1	16.0	67	27.00	5.03	3:5	83	19	27	17	28	25	8.93	0.90
Wimco(10/50/d)	13.6	5.5	0.0	14.0	137.2	2.3	-7.87	-5.6	-13.17	-10.68	-10.43	-12.12	-55.3	0.0	NA	16.50	NA	1:5	70	31	27	17	75	17	NA	1.18
Wipro(10/50/f)	3.7	16.7	0.0	55.4	115.0	5.5	5.40	4.5	2.68	2.68	4.90	5.46	17.5	33.3	17	225.00	41.19	1:1	89	95	450	190	275	190	0.56	4.06
ZuanAgro(10/50/d)	12.4	54.5	0.0	53.8	247.2	99.9	27.19	7.8	12.06	15.19	18.04	11.37	13.5	28.0	30	55.00	4.84				77	58	66	50	6.36	1.02

NOTE: The year 31 March for all above companies unless otherwise indicated. The accounting period in each case is, however, mentioned in the bracket following the company's name: a-8 months; b-18 months; c-10 months; d-15 months; e-12 months; f-9 months; g-16 months; h-11 months; i-14 months; j-17 months; k-13 months; l-7 months. (ended Dec88, ** ended Aug88, + ended Sep88, ++ ended Jul88).*

Where the accounting period is other than 12 months, the figures for EPS, return on net worth and dividend have been annualised.


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INSIDE INFO

■ **DCM Ltd.** has realised a sum of Rs 20 crores from the sale of a part of its building in Barakhamba Road, Delhi. It has recorded gross profits of Rs 8 crores from manufacturing units. For the year ended 31 March 1990, the company is expected to show a gross profit of Rs 28 crores. With the provision for depreciation likely to be Rs 12 crores and for taxation Rs 3 crores, the net earnings could be about Rs 13 crores. Which means an earning per share (EPS) of Rs 5. With this, the prospects of the company returning to the dividend list seem certain.

■ **Haryana Petrochemicals** (net profit: Rs 1.46 crores for the first half of 1989-90) is tipped to have done well during the second half of the year. The full year's results are expected to show a gross profit of Rs 8 crores and a net profit of Rs 5 crores. With the paid-up equity at Rs 7.71 crores, the share price is tipped to touch Rs 35 soon (Rs 26 as on 24 April). Also in the pipeline is a rights issue of equity at a premium of Rs 3.

■ **Elgi Tyres & Treads,** which coughed up a hefty Rs 12 crores towards excise last year, will soon be bouncing back. Expected is an excise refund of a similar amount, thanks to the correction of an anomaly in the classification of tread rubber. Add to this the reduced corporate tax of 40% and the projected turnover of Rs 100 crores for the year ended 31 March 1991, and Elgi appears to be a plum candidate for a bonus issue next year.

■ The Bharuch (Gujarat)-based **Mipco Seamless Rings** turned out to be a market favourite during the fortnight ended 27 April. A languisher during 1988 (high — Rs 12.50), Mipco's return from the grave owes to a turnabout in its fortunes. The company, which earned an insignificant Rs 3.40 per share for the year ended 31 March 1989, is expected to up EPS to Rs 8 for the current year. Mipco expanded its operations to make forged combinations in 1987 and the investment seems to be paying off. The share quickly moved up to Rs 31 (24 April), breaching the high of Rs 27 upto June 1989. With an expected price-earnings multiple of eight, the share is tipped to have the potential to cross the Rs 50 mark.

■ Jagatjit Industries' subsidiary **Milkfood Ltd.** is tipped to post a net loss of about Rs 3 crores for the nine months ended 31 March 1990. Despite a murmur of denials by company sources, marketmen claim it is real and have pushed the market quote down to Rs 175 (24 April) from Rs 190 (10 April). The share is tipped to fall further, once the final figures are made public.

■ Among probable bonus candidates are **Hindalco** and **Hoechst**. While Hindalco is tipped to be generous with a 1:1 bonus, marketmen close to insiders are saying that Hoechst's bonus will be one for two. Marketmen are also betting that **Videocon International** is about to report the best-ever results. Thanks to this info, the share has just begun its upward climb. Between 10 and 24 April, it moved up by 15 points to Rs 210.

THE CHANGING FACE OF PROGRESS

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NEWS BRIEFS

■ Sebi's recent guidelines requiring merchant bankers to have a **minimum net worth** of Rs 1 crore could wipe out the entire breed of small merchant bankers.

■ The World Bank will grant a $200 million loan to India for the **environmental** development of the whole of Narmada valley.

■ The Centre proposes to reintroduce the **cash subsidy scheme** for investment in backward areas for small-scale industries.

■ This year RBI has been minting **short change** and pushing it through the bank. The result is a **deluge** of coins in the market.

■ The RBI decision to raise the statutory liquidity ratio (SLR) for commercial banks from 38% to 38.5% of net demand and time liabilities (DTL) and that on FCNR and non-resident (external) rupee account to 30% will **hit** banks' **profits** by nearly Rs 180 crores.

■ RBI has liberalised the norms regarding the flotation of **commercial paper** (CPs). Even companies which do not have top credit rating can float CPs and the minimum size of a CP issue has been reduced from Rs 10 lakhs to Rs 5 lakhs.

■ The **paid-up capital** of eight major scheduled banks has been increased by Rs 700 crores. According to RBI governor, R.N. Malhotra, UCO Bank topped the list with an injection of Rs 150 crores which will take its paid-up capital to Rs 267 crores. Other banks include United Bank of India, Indian Overseas Bank and Bank of India which received Rs 140 crores each.

R.N. MALHOTRA

■ The Export-Import **(Exim)** Bank of India has introduced three new **export promotion programmes**. According to its chairman Kalyan Banerji, the bank will extend financial support for consultancy studies undertaken by Indian consultants enlisted under the Africa Project Development Facility and will provide finance for undertaking feasibility studies in developing countries under the project preparatory studies overseas programme. The third programme provides finance for market entry costs incurred by Indian firms exporting to third world countries.

KALYAN BANERJI

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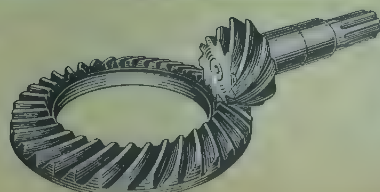

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TYPING A SOUND FUTURE

When Debu Chaudhuri and Hirak Ray were classmates at Bengal Engineering College near Calcutta way back in the sixties, little did they imagine that their joint professional destinies would revolve around pancakes. But that's precisely what has come about.

Last month, RDH Technologies — a Rs 1.3 crore unit set up by the two technocrat-entrepreneurs at the Webel Electronics Complex, Calcutta — began the commercial production of electronic typewriter ribbons in cassettes, known in the office equipment trade as pancakes.

The choice of product has been an astute one. There are an estimated 60,000 electronic typewriters in use in India today, and usage is on a growth path. Surprisingly, so far there have been almost no indigenous manufacturers of the specialised ribbons needed for these machines and users have had to depend on imported pancakes.

The market demand is a substantial 180,000 per month. RDH Technologies has a licensed capacity to produce 108,000 per month, and selling all the pancakes it can make ought to be a cinch. "The overall market scenario is decidedly bright," notes Chaudhuri.

This buoyant confidence hinges on the fact that the RDH pancake is of a quality comparable to the imported ones. Chaudhuri and Ray explain that through the good offices of a non-resident Indian friend, they were able to persuade Franklin Ribbon and Carbon Co. Inc. of the US to provide knowhow on an exclusive basis in India. Franklin is a 64-year-old company specialised in this field with exports to more than 60 countries and licensees in several countries, including China.

While the ribbons are made of quality plastic, the trick of the trade lies in the ink. RDH adheres to the proprietary process formulations provided by Franklin to derive ink of minimum viscosity through a careful chemical combination. One side of the plastic ribbon gets coated with this ink and is then dried. The ribbons are now ready for slitting. Generally, the pancakes are of 8 mm width and 210 metres length. "Anybody can do it — if he knows which chemicals to mix at the first stage," jokes Ray.

High product quality has given him a price advantage, and Ray is certainly cashing in. RDH has attached a tag of Rs 30-40 each to its pancakes, which is on a par with the imported varieties. RDH scores over imports because office equipment and accessories dealers can lift small amounts directly from the company. Importing pancakes, on the other hand, must be done in bulk for obvious reasons, blocking up large working capital funds. Not surprisingly, dealers have shown a lot of interest, and repeat orders have been duly received.


PANCAKE DUO RAY (L) & CHAUDHURI

Original equipment manufacturers (OEM) have also shown interest. Chaudhuri and Ray aver that they have been approached by top companies which are keen to place bulk orders with RDH in congruence with their own electronic typewriter manufacturing schedules. "We want to strike a balance between dealer and OEM supplies," says Chaudhuri.

The duo seem to be batting on a sound wicket. But did they hit upon the pancakes idea by fluke? No way, they say, adding that the search for a viable product involved a lot of preliminary legwork by way of detailed marketplace investigations, nosing around and financial evaluation. Recalls Chaudhuri: "It was clear that the item would have to be one which could be sold for cash or at best on a short-term credit basis. Our limited resources made this an important imperative."

Having shortlisted pancakes as a distinct possibility, the crux lay in obtaining knowhow. Once the Franklin tieup was in place, the inevitable official approvals were obtained and the project gathered momentum. "Subsequent progress was very fast, thanks to prompt support, encouragement and assistance from Webel, the West Bengal Industrial Development Corporation, the Industrial Development Bank of India and the State Bank," says Chaudhuri.

In March 1989, chief minister Jyoti Basu laid the foundation stone for RDH's modest factory. A year later, the plant has been commissioned with no cost overrun. In fact, RDH is the first unit going into production at Webel's new 93-acre electronics complex at Salt Lake, a Calcutta suburb.

"So far, the growth of the otherwise buoyant electronic typewriters market has been impeded by the high cost of consumables which have had to be paid for in foreign currency. Now that the cost of consumables is coming down, we expect demand to grow at a much faster pace," reasons Ray.

The recent budget contains a blessing for the two entrepreneurs. With printed cartridges removed from the open general licence list, the import of typewriter ribbon cassettes will be costlier.

Chaudhuri and Ray have every intention of maximising output as early as possible. The excellent sales prospects in India apart, they hope to bag export orders from south-east Asian countries through the Franklin connection. They are also toying with the idea of diversifying into the manufacture of MICR (magnetic ink character recognition) ribbons used to encode the bottom strip of the new cheques currently in use nationwide.

Earlier, the former classmates were also colleagues at Davy Ashmore, the engineering services firm which went broke and was acquired by Tata Steel. It seems a quirk of fate that their destinies are always hitched to a common star.

■ *Sujoy Gupta*

N.M. MISTRY has been promoted as chairman and managing director of Central Bank of India. Prior to this he was executive director.

V. VAIDYANATHAN has been appointed director, finance of Hindustan Petroleum Corporation Ltd.

P.N. DEVAYA has been promoted as vice-president information technology (IT) division of Apple Industries Ltd.

P.K. KAUL has been appointed chairman to the board of directors, Dynamic Advertising and Research Team Pvt. Ltd. (DART), Bombay.

RANJIT MEHTA has taken over as manager eastern India, The Hongkong and Shanghai Banking Corporation Ltd., Calcutta.

NANI JAVERI has been appointed general manager, management services, ANZ Grindlays Bank.

ASHIT K. SARKAR has been appointed vice-president, human resources of Britannia Industries Ltd.

UTPAL BASU has been appointed director, finance of Union Carbide India Ltd.

VIKRAM G. SHAH has joined Datamatics as director and president (software exports). Earlier, he was vice-president with Tata Unisys Ltd.

S.P. JAIN has taken over as general manager, South Eastern Railway. Earlier, he was general manager, Southern Railway.

D.C. TANNA has been appointed company secretary, Burroughs Wellcome (India) Ltd.

C. ABRAHAM VARGHESE has joined Batliboi as president and chief executive. Prior to this, he was with Bennett, Coleman & Co. Ltd. as president.

PICK OF THE JOBS

"Many young professionals, even MBAs from premier institutions, are on the lookout for overseas contractual assignments to make a fast buck and return after a couple of years. But experience gained overseas is not counted in India except in some industries. One should take up overseas assignments in mid-career, make money and come back after eight or 10 years and retire," says Chander Batheja, chief executive of The Concept, a Bombay-based management consultancy firm.

CHIEF EXECUTIVE — NIGERIA

Company: Manufactures and markets cosmetics and health hygiene products; sales turnover $2 million per annum; managed by Indians.

Requirements: MBA; around 35-40 years of age; five to six years' experience of factory, commercial and financial functions in a senior capacity.

Other details: Will be based at Port Harcourt.

Remuneration: Very attractive.

Enquiries to: The Concept, 67 White Hall, 143, August Kranti Marg, Bombay 400 036, Tel: 8224422-23, 8118319.

GENERAL MANAGER — OPERATIONS

Company: Multi-product industrial group.

Requirements: MBA (finance and marketing) or a chartered accountant; 10 years' experience in finance or banking; potential to become chief executive in about three years.

Other details: Duties include marketing, leasing, hire purchase and non-funding areas (financial services); will be based in Bombay.

Remuneration: Negotiable.

Enquiries to: The Concept.

VICE-PRESIDENT — MARKETING

Company: Pharmaceutical organisation.

Requirements: Management degree; proven track record in a reputed pharmaceutical organisation.

Other details: Based in Bombay; responsible for the pharmaceutical division.

Remuneration: Rs 2 lakhs plus per annum.

Enquiries to: Jonzehn Services, P.B. No. 9891, Bombay 400 050. Tel: 6420387.

GENERAL MANAGER — TECHNICAL

Company: Manufactures pharmaceuticals and bulk drugs and involved in paper, shipping and packaging industries.

Requirements: Chemical engineer; seven to 10 years' senior level experience in handling bulk drugs; 40 years of age; should have adequate exposure to all plant technical functions.

Other details: Will report to the managing director; must help in consolidating present business.

Remuneration: Attractive.

Enquiries to: Personnel Search Services, 3rd floor, Sambava Chambers, P.M. Road, Bombay 400 001, Tel: 2862660, 295963, 255476, 2860755

CHIEF EXECUTIVE

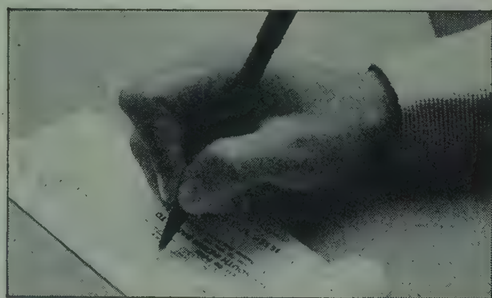
Company: World's largest independent distributor and exporter/importer of plastic resins, chemicals, industrial organics and inorganics and petrochemicals; annual sales of $120 billion.

Requirements: 10 to 12 years' experience in the marketing of chemicals and plastic raw materials; age group—early thirties; excellent administrative skills, keen business acumen, exposure to international trading, etc.

Other details: Will head the company's operations in India on a profit centre basis; based in Bombay; will have to spearhead a major thrust in marketing.

Remuneration: Very attractive.

Enquiries to: Personnel Search Services.



CHIEF OF PERSONNEL

Company: Multinational bank.

Requirements: Postgraduation in personnel management from XLRI/TISS/IIM; 10 to 15 years' experience; in the mid-thirties; finely-honed communication ability, interpersonal skills and leadership qualities.

Other details: Will be in charge of personnel, HRD and IR; have to shape personnel policies, make compensation studies, and maintain excellent employee relations. Position based in Bombay.

Remuneration: The whole works.

Enquiries to: Personnel Search Services.

PRESIDENT (DESIGNATE)

Company: Involved in chemicals, engineering, plastics, textiles and petrochemicals; sales of over Rs 100 crores per annum.
Requirements: Age below 45 years of age; prior exposure to setting up overseas projects.
Other details: Responsible for setting up and managing a joint venture independently; initially based at Delhi, but after the project is commissioned, the appointee will take over as profit centre head for all operations.
Remuneration: Very attractive.
Enquiries to: Personnel Search Services.

GENERAL MANAGER — MARKETING

Company: Multinational pharmaceutical manufacturer.
Requirements: Science graduate and an MBA with specialisation in marketing or pharmacy; 40 to 50 years of age; 10 to 15 years' experience in marketing of pharmaceutical products, of which five to seven years should have been in a senior position.
Remuneration: Rs 1.50 lakhs plus,
Enquiries to: Career Placement & Marketing Services, P.B. No.8105, Bombay 400 051.

SALES MANAGER

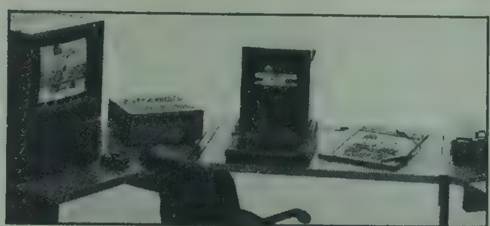
Company: Multinational dealing in pharmaceuticals and agrochemicals.
Requirements: Graduate or postgraduate in agriculture; 40 to 50 years of age; 10 to 15 years' track record in the marketing of agrochemical products, of which seven to 10 years should have been in a senior position.
Remuneration: Rs 1.25 lakhs plus,
Enquiries to: Career Placement & Marketing Services.

COMPANY SECRETARY & FINANCE MANAGER

Company: Manufacturer of consumer durables.
Requirements: Qualified chartered accountant and company secretary; 35 to 45 years of age; seven to 10 years' experience in secretarial and finance fields in a senior position.
Other details: Will be based at Madras.
Remuneration: Rs 1.25 lakhs plus.
Enquiries to: Career Placement & Marketing Services.

GENERAL MANAGER — PERSONNEL

Company: Group of companies dealing in packaging machinery; annual sales of around Rs 50 crores.
Requirements: Postgraduate in personnel management; 15 to 20 years' track record in HRD, recruitment and selection, and industrial relations.
Other details: Will be based in Bombay.
Remuneration: Around Rs 1.25 lakhs per annum,
Enquiries to: Systematics Management Consultants, TBS, 117/118, Maker Chambers V, 221 Nariman Point, Bombay 400 021.



GENERAL MANAGER — MARKETING

Company: Engineering firm; annual sales of Rs 1.50 crores.
Requirements: Engineering graduates; 15 to 20 years' marketing experience in airconditioners.
Remuneration: Negotiable; includes liberal perks.
Enquiries to: Systematics Management Consultants.

MARKETING MANAGER

Company: Consumer electronics manufacturer; annual sales of Rs 100 crores.
Requirements: Degree in business administration; at least five to eight years' experience in consumer marketing; 32 to 36 years of age.
Remuneration: Approximately Rs 2 lakhs per annum.
Enquiries to: Exact Search & Placement Consultants, BBC, 4th floor, Kamani Chambers, 32 R. Kamani Road, Ballard Estate, Bombay 400 038. Tel: 2620553, 2620554.

PERSONNEL MANAGER

Company: Executing large turnkey chemical projects.
Requirements: Postgraduate in personnel management from a reputed institute; 30 to 35 years of age; at least six years' relevant experience.
Other details: Will be based in Nashik or Bombay.
Remuneration: Around Rs 1 lakh per annum; lavish perquisites,
Enquiries to: Exact Search & Placement Consultants.

GENERAL MANAGER — MARKETING

Company: Manufacturer of telecommunication equipment.
Requirements: Electronics engineer; sound track record of at least eight years.
Remuneration: Rs 3 lakhs plus.
Enquiries to: Exact Search & Placement Consultants.

■ *Indra Gidwani*

ASSESSING ONESELF

It's amusing how most people do a self-assessment not on the basis of the progress they have made, but on the basis of what others have. Once, when interviewing some candidates for the position of marketing director, this writer had asked one of them why he was in such a hurry to move from his present assignment since he had only just been promoted as marketing manager.

"Oh," he said "some of us from the IIM batch of 1966 are already at that level. I was left behind. I am now trying to make up, rather belatedly!" A familiar refrain. This keeping up with the Joneses, isn't only an area jocularly referred to as a woman's prerogative. It exists as much in the world of work, if not more.

RELEVANT QUESTION

The really relevant question to ask oneself here is 'How far have I gone, based on the objectives I had set myself?' The objective could be anything: to spend three to four years in sales operations, or product management, or in an ad agency. Or it could be that you are looking for job rotation within a large organisation so that you are exposed to production and materials, personnel and finance and marketing.

Or you could decide that after a five-year stint in industry in India, you will look for an assignment overseas, and spend at least 10 years abroad before coming back to a good job in India, perhaps in Pune where you would want to settle down after retirement.

You may decide that you will devote enough time to the family — and never work on holidays or carry work home. Or you may be fond of billiards or the theatre and decide these priorities come a close second to office work.

The point is, you are 'you' and not him, even if both of you are from the class of 1966. You have your own strengths and weaknesses. Your own ideas of what is important to you, and what is not. The word "progress" means different things to different people. To try to do exactly what someone else is doing or has done is fatal. You may closely imitate and then fail, because your grasp does not match your reach. To be disappointed that you cannot do exactly what someone else is doing, and then be depressed, will not get you anywhere. It will only get you into a frame of mind where you will have retired mentally, but may continue to be on the payroll of a company.

We sometimes forget that the minimum condition necessary for achievement — energy — must be coupled with constructive and achievable goals and ambitions. Energy alone will not do. Ambition without ability or energy won't work. Ability, energy and suitable goals must come together in a setting of opportunity to reach fruition in achievement.

COMING TO TERMS

Self development depends on self understanding. This requires planning on your behalf. Everyone has both weak and strong points. It is important to come to terms with oneself to recognise the qualities that must be changed or overcome and the strengths that can be emphasised and better utilised.

Everyone is on a quest for identity. A quest because the conditions under which identity is realised are constantly changing. We achieve our identity mainly by the qualities we bring to life, as human beings. We behave like this in order to satisfy needs, to fulfil our aims, and to meet the expectations of others. Our behaviour tells others what we seek to be or to become and those others reflect back to us, what we call our identity.

Every person wants distinction and uniqueness through the use of his own creative powers and talents. He wants fulfilment and this process is one of growth and maturity of the inner self and the personality. A mature person is always clarifying his ideas, learning from a changing environment, and enlarging his capabilities. He responds to change with adaptiveness, resourcefulness, patience and creativity.

The well known author, Cyrus Vance, suggests that we measure progress by the objectives we have set ourselves in life, and how far we have achieved these objectives. It's like the basic rule followed in yacht races: 'Always look forward. Keep your eye on the finishing line. If you look back to see where the other boats are, you may, in that brief moment, lose control of the sails and the rudder.'

Never mind about what other people are doing or have done. Let them do their own thing, as you are doing yours. Let them follow their own star, while you follow yours. Because progress means different things to different people!

■ *Walter E. Vieira*

The author is a Bombay-based management consultant.

Progress in one's career cannot be measured by what others have achieved, but by what one wants to achieve

IOL

IOL Limited formerly Indian Oxygen Limited

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is a large multiproduct and multilocational company. It is a pioneer and market leader in the field of Industrial Gases, Welding Products, Cryogenic Plants, Health Care Products and Liquid Oxygen Explosives. The Company is looking for a dynamic professional to head its Finance function as :

VICE-PRESIDENT – FINANCE

The position reports to the Managing Director and involves responsibility for managing the Finance & Accounts function of the Company. Besides normal responsibilities, the thrust area will be efficient management of financial resources including ability to deal with Financial Institutions and Banks. Expertise in working capital management, project evaluation, taxation, information systems and ability to administer sound financial systems will be the essential pre-requisites.

The successful candidates will be a Chartered Accountant/MBA (Finance) from a recognised Institute. He should be in mid-forties with a proven track record in handling independently Finance function of a professionally managed large or medium industrial Company.

The position carries top management compensation package with furnished house, car with driver and liberal superannuation benefits.

Please apply within 10 days with full particulars of age, education, past experience, current position and responsibilities, emoluments drawn etc to :

The Managing Director
IOL Limited
Oxygen House
P43 Taratala Road
Calcutta 700 088

APPOINTMENTS

ESPL

(A STATE GOVERNMENT ENTERPRISE)

Electronic Systems Punjab Limited (a wholly owned subsidiary of PSIDC) is engaged in R&D, production and supply of Micro Computers, Data Aquisition and Control Systems and High Speed Modems. The Company requires dedicated and competent personnel for the following posts :

1. SR. MANAGER/MANAGER/DY. MANAGER/ASSTT. MANAGER

(Marketing/ Customer Support / Software) for Delhi, Bhopal, Calcutta, Madras, Bangalore, Bombay, Lucknow, Chandigarh Jaipur, Hyderabad

Engineering graduates preferably in electronics/Diploma (E&C)/Post Graduate Degree in Science. The candidates applying for Marketing job should have excellent track record in achieving sales target & sales realisations in time.

In Customer Support job responsibility includes site planning and preparation, installation, and maintenance of systems/peripherals ensuring 100% uptime for all installations in the region and maintaining cordial customer relation. Candidate with proven experience in similar job in reputed company will be given preference.

2. DY. GENERAL MANAGER/SR. MANAGER/MANAGER/DY. MANAGER

(Control & Instrumentation–System Engg./Inst. & Commissioning).

Candidate should be Graduate, in Electrical/Electronics Engineering or equivalent/ M.Sc. (Physics) with relevant, well proven experience in design, system engineering and installation & commissioning of C&I package in Thermal Power Plant and other process industries like refineries, fertilizer, steel etc. For senior position, experience of independent project execution at site i.e. supervising the team, completion of job as per schedule, liaison with customer etc. will be given preference.

3. SR. MANAGER/MANAGER/DY. MANAGER

(Component/Peripheral Division)

The incumbent should be Graduate Engineer/Diploma holder preferably in Electronics with relevant proven experience in Production/Marketing of Electronic components, ceramic disc capacitors, B/W & coloured monitors, SMPS in reputed organisation.

4. ENGINEER TRAINEE (For Chandigarh & Regional Offices)

Graduate Engineer/Master's Degree in Electronics/Computer Science/Instrumentation securing high 1st Division required for R&D/Software/Marketing/System Engineering/ installation & Commissioning in computers/process control field. Remuneration will be approx. above Rs. 3500/- P.M. in addition to attractive perks. Candidates appearing in final year exams may also apply.

Excellent Career opportunities exist for candidates with initiative & drive for taking up challenging assignments, ability to shoulder responsibilities. Employees with outstanding performance are sent abroad for training at collaborators works.

FOR SENIOR POSITIONS IN ABOVE MENTIONED FIELDS, APPOINTMENT ON CONTRACT BASIS ON HIGHER SALARIES CAN ALSO BE CONSIDERED.

Applicaton with detailed bio-data superscribing on envelope the post applied for should reach within 15 days to :

Sr. Manager (Personnel),

Electronic Systems Punjab Limited,

B-81, Phase VII, Industrial Area, SAS Nagar, Chandigarh-160 055

JAISONS ESPL 890

APPOINTMENTS

THE UB GROUP

R E Q U I R E S

GENERAL MANAGERS DISTILLERIES

The UB Group with a turnover of over Rs. 1,000 crores, is one of the fastest growing Industrial Groups in the country today with a widely diversified business portfolio ranging from Liquor and Food products to high-tech fields such as Petrochemicals, Pharmaceuticals, Electronics and Telecommunication equipment.

The Group's management team comprises professional managers operating in a dynamic environment.

The Group's liquor manufacturing units are currently being modernised to ensure an uncompromising commitment to consumer satisfaction and managerial excellence.

The General Managers will be located at our Distilleries in U.P., Rajasthan and West Bengal. They will report to the Vice President-Manufacturing and will be responsible for the independent operations of the manufacturing units.

Candidates should be Engineers/Managers, preferably with M.B.A. qualifications and should have about 5 years' independent experience in managing a chemical process plant of a multinational or a reputed industrial house.

Preferred age: 35 – 45 years

We are looking for high calibre professionals with the determination to succeed and the qualities of leadership necessary to form the core of the management team. Highly motivated and creative individuals with excellent communication skills and the ability to react quickly to a dynamic environment are most likely to fit this position.

The position offers excellent growth potential, both within the company and the Group. The remuneration package is not likely to be a constraint for the right candidates.

Those interested should apply in confidence within 10 days, giving full details of age, qualifications, experience, salary drawn, etc., to:

Vice President-HRD
THE UB GROUP
UB House
One, Vittal Mallya Road
Bangalore-560 001.

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...and various others have come to us whenever they've fallen a step short of personnel. We have researched into the impact of appointment advertisements. We reached the conclusion that it isn't a sellers market. Choosing the right man for the right job is of vital importance. Our sister concern Personnel Search Services (the Gold Medalists in the arena of personnel search) have always assisted us in understanding the profile of the right candidate for the right job.

Right now, we have no immediate need for personnel. Then why advertise? Ssh! We plan to Gatecrash into Product Advertising one of these years. For this, we need ad-folk who can plan, strategise and act as a battering ram for us! Things are so hush hush that the rest can only be thrashed out when we meet in person. But, before that send in your detailed resume and add a footnote on how you can assist us. Applications in person won't be entertained unless you come dressed as a postman, to:-

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3rd Floor, Sambava Chambers, Sir P. M. Road
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A professionally managed light engineering company with a diversified product range and having a turnover of Rs. 150 crores, wishes to appoint "Sr. Accounts Manager" for its manufacturing divisions at Calcutta and Hyderabad.

The job responsibility covers efficient Management of the accounts function at the works.

Applicants should be CAs having about 7 years experience in Senior Management positions in a large organisation. Familiarity with computerised accounting would be an added qualification.

The position is in the Senior Management cadre and offers opportunity for considerable advancement in Management heirarchy.

The remuneration package for the position would be over Rs. 1 lac per annum and it could be considerably more for the right candidate.

Send your resume within 10 days to: Post Box No. 502, New Delhi-110001.

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A well known group with a phenomenal growth rate, operating from the Sultanate of Oman, has retained our services to recruit a Financial Controller. The group has interests in readymade garments, steel rolling, pharmaceuticals, hotel and shipping industries.

The selected person will be in charge of the accounts and finance functions of the Hotel business. He will be expected to possess special strengths in financial control and systems, and dealing with banks and Financial institutions.

Chartered Accountants around 30 years of age with all round work experience in the finance area of a 4 or 5 star hotel would be suitable for the position.

Emoluments will be negotiable in the region of Rs 25,000 per month in addition to furnished accommodation and car.

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APPOINTMENTS

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We are a professionally managed Company manufacturing Circular Woven Synthetic Packaging Sacks with a turnover of over Rs. 250 million per annum. The Company's products are well established in India and in the Overseas market for their high standard of quality.

Rapidly diversifying into new areas, we are looking for young, enterprising and ambitious professionals for whom 'success is a way of life'.

MANAGER (CORPORATE PLANNING AND DIVERSIFICATION)

The candidate should be an Engineering Graduate with MBA, having 5 years of relevant experience. The job involves identification of new areas for diversification and subsequent Product Development. Candidates with a flair for new ideas will be preferred.

MANAGER (COMMERCIAL)

The candidate should be a Commerce Graduate preferably with an Engineering background and 10 years relevant experience. The incumbent will be responsible for entire Purchase, Stores and Inventory Control.

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The candidate must possess a Post Graduate Diploma in Export Management from a recognized institute and minimum work experience of 2-3 years, in a reputed Export House/Export Department. Candidates having exposure to Woven Sacks Exports will be preferred.

SALARY AND PERQUISITES ARE NO CONSTRAINT FOR THE RIGHT CANDIDATE. ALL THE POSITIONS ARE BASED AT EITHER COMPANY'S FACTORY AT JEEDIMETLA (NEAR HYDERABAD) OR OUR SECUNDERABAD OFFICE.

Candidates are requested to apply within 7 days with complete bio-data, superscribing the post applied for on the envelope.

The General Manager (Operations)
SUMITRA PLASTICS LIMITED
2-2-57, Pan Bazar, Secunderabad - 500 003. A.P.

MAC/H/SP/90

APPOINTMENTS

SPARTEK
Ceramics India Limited

SPARTEK Group of Companies consisting of the corporate flag ship **SPARTEK CERAMICS INDIA LIMITED, NEYCER INDIA LIMITED** and the export oriented **SPARTEK GRANITES LIMITED,** is an established leader in the Ceramic Industry.

The Company is continuing its aggressive growth with new products and setting up new production units. The Company is professionally managed and offers an excellent working atmosphere and growth opportunities.

To further reinforce its team, we are looking for dynamic, result oriented persons as part of the top management team.

1. VICE PRESIDENT (Profit Centre Head)

The position is with NEYCER INDIA LIMITED at Vadalur near Madras. The incumbent will have the overall responsibility for the operation of this autonomous profit centre. Senior professionals in the areas of manufacturing, marketing, finance and services will report to this post.

The candidates should preferably be Mechanical Engineers and a Post Graduate in Mgt./Engineering with substantial experience in manufacturing sector and capable of acting as an independent head of profit centre.

2. GENERAL MANAGER

The position is to head the manufacturing unit with high degree of sophistication in plant and machinery near Pondicherry, belonging to NEYCER INDIA LIMITED. He will be responsible for all activities in the unit and will be assisted by head of production, maintenance, research and development, finance and personnel functions.

The candidates should preferably have a mechanical engineering background with a proven track record.

3. FINANCE MANAGER (CUM) SECRETARY

The position is to head the finance function of SPARTEK GRANITES LIMITED at its establishment within commuting distance from Madras.

The candidates should preferably be a Chartered Accountant and Company Secretary with about 10 years experience in reputed companies.

4. EXECUTIVE ASSISTANT TO M.D.

The position will report to the Managing Director of SPARTEK CERAMICS INDIA LTD. He will co-ordinate the reports of heads of departments and will have the capacity to extend professional assistance to the M.D. in day to day working.

The candidate should have an engineering background with post graduation in management from a reputed institute, with 2 years experience in a similar post.

Age for the first 3 positions should not exceed 45 years and for the 4th position not above 30 years.

Remuneration shall not be a constraint for the right candidates and will be comparable to the best in the industry. Please apply in strict confidence within 10 days to the Group Personnel Manager, **SPARTEK CERAMICS INDIA LIMITED,** No. 52, Chamiers Road,
Madras-600 028.

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GENERAL MANAGER

(Consumer Products Division)

The incumbent will be in charge of the Division to run it as a profit centre reporting to the Managing Director. He will be responsible for profit planning, marketing strategies, capacity utilisation, creating competitive advantage of the consumer product business in addition to evolving growth plans through the process of diversification for the division. He will operate within the overall corporate policies of the company to which he is also expected to contribute. He will be based in Bombay.

The candidates need to have good academic background with strong business acumen coupled with leadership abilities and system and policy orientation. Experience of marketing pharmaceutical/OTC products is desirable. The incumbents need to have empowering presence and energizing being.

H.R.D. MANAGER

The incumbent will be required to contribute significantly as a professional to manpower planning, selection, training design and implementation, appraisal systems and career planning for human resources in the Company. He will report to the General Manager – Human Resources but will be expected to have professional stature to handle the interfaces on his own.

He should be a post-graduate in Social Sciences or Personnel Management with around 10 years' experience in a good company. He should be conceptually strong and with many achievements to his credit.

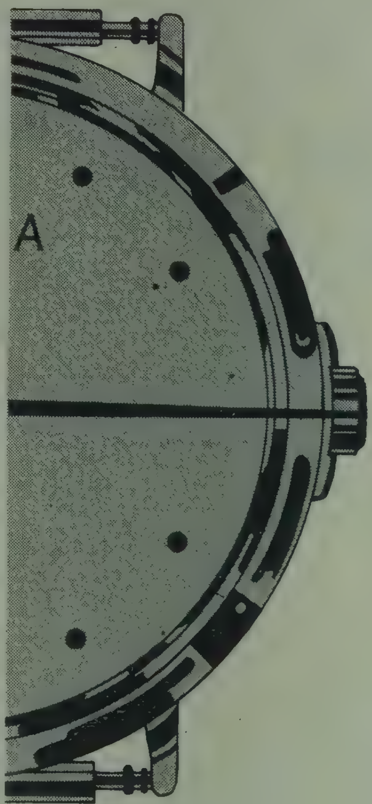
Both the positions carry excellent remuneration package including housing, if required.

Applications indicating your contact telephone number should be posted within 10 days of this advertisement to:

Dr. Om Kaul
OM KAUL ASSOCIATES
(Management Consultants)
43, KAMDHENU COMMERCIAL CENTRE,
LOKHANDWALA COMPLEX,
ANDHERI (W), BOMBAY 400 058.

Diason

APPOINTMENTS



Bifora is fast growing, expanding and consolidating on its existing strengths. Promoted by an NRI Group, it is a company committed to professional management and oriented towards growth. A high technology product range includes some of the finest and slimmest watches in the world. Reflecting Bifora's philosophy of keeping in step with the times, thereby satisfying customer needs. Bifora is in the process of major diversification along with upgradation of existing facilities. In order to strengthen the existing team to meet the challenges of these plans, Bifora needs:

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Candidates should be graduates with a qualification in marketing. They should have a minimum of 15 years of experience in the marketing of consumer products or consumer durables.

General Manager - Finance

Candidates should be qualified Chartered Accountants with at least 15 years of experience in the industry. Those with an AICWA/ACS qualification will be given preference.

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Bifora offers you an excellent work atmosphere with unlimited growth opportunities for the right candidates. The emphasis is on target achievements. Remuneration for the above posts will be commensurate with qualifications and experience. The maximum age for both the posts is 45 years. Candidates should send in their applications enclosing a detailed resume and photograph. within 15 days

BIFORA
QUARTZ

The Managing Director,
Bifora Watch Company Ltd.,
29, 7th Cross, Vasanthanagar,
Bangalore 560 052.

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A well known group with a phenomenal growth rate, operating from the Sultanate of Oman, has retained our services to recruit 3 top-notch Chief Executives. The group has interests in readymade garments, steel rolling, pharmaceuticals, hotel and shipping industries.

Each Chief Executive will be overall in charge of one of the above businesss reporting to the Managing Director. He will be responsible for consolidation, enhancement of the business and profit generation.

The right candidate will be a CA/MBA with financial background combined with marketing capability and general management skills. Young achievers below 35 years with an exceptional track record, currently holding a senior level position and contributing to the company's overall strategy formulation/performance monitoring exercise would ideally fit the requirement.

Emoluments would be negotiable in the region of Rs 30000-35000 per month in addition to furnished accommodation, car and other perquisites.
Please apply in strict confidence to:

ps **PERSONNEL SEARCH SERVICES**
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Bombay-400 001.

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The incumbent will be responsible for overall marketing strategies resulting in continued leadership and significant growth of the company. He will be responsible for augmenting retail, institutional and trade sales organization. He will promote innovation in product development and other competitive marketing strategies of the company.

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He should be a qualified professional with rich managerial experience of around 15 years in consumer marketing and managing distribution system.

VICE-PRESIDENT
(FINANCE)

In addition to offering advice to the Chairman and other Division heads on financial health of the various operations, he will be responsible for enhancing effectiveness of the finance and accounting organization of the company including in profit planning fund flow management, interaction with financial institutions etc.

He should be a Chartered Accountant/Cost Accountant having held management positions in a reputed company for around 15 years. He should have demonstrated managerial abilities in addition to expertise in financial management.

The candidates for the above positions should be below 45 years of age.

FACTORY MANAGERS
(WESTERN REGION)

The company has multiple manufacturing sites in Western Region. The incumbents will be responsible for total manufacturing operations in co-ordination with marketing plans.

They will be responsible for ensuring optimum utilization of capacity, removing production bottlenecks and managing operations cost effectively and handle man management issues of the plant.

The candidates should have technical degree with experience of managing food product units for around five years and be committed to good manufacturing practices.

The preferred age is around 35 years.

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In order to focus on product lines as businesses, the company proposes to hire Product Managers. The incumbents will be responsible for total product management for the group of products in terms of identifying market opportunity, competitive analysis, preparing marketing plans, focussing on manufacturing requirements, profit and margin planning, distribution management and consumer and trade promotions required for the manifold increase in the turnover of product lines. This role will provide significant challenge of being a business manager.

The candidates should have a good management degree with rich experience in sales and/or product management of around 10 years in reputed companies.

The preferred age is around 35 years.

The compensation will be attractive for the best professionals.

Interested candidates should send their résumé in confidence to:

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(Management Consultants)
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APPOINTMENTS

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A Marketing Manager, who will be responsible for new product/market identification, liaison with R&D personnel, market development of performance chemicals and managing the existing intermediate chemical business.

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A Finance Manager, who will be responsible for the total finance functions of the company, from raising of funds to control of their utilisation. Skills in managing people, ability to anticipate needs in a growth environment and co-ordinate a team including CA/MBA/Cost Accountant would be essential. You would ideally be a CA/MBA with managerial experience in industry in the age bracket of 35-45 years. Experience in a computerised environment is preferred.

For the right people, reporting at Board level could be considered and remuneration will not be a constraint.

Write to the General Manager (Commercial), giving detailed bio-data, superscribed with post applied for on the envelope.

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APPOINTMENTS

VICE-PRESIDENT-OPERATIONS

A large group in the service industry with activities in cargo handling, clearing & forwarding, transportation, travel services and courier industries is looking for a Vice-President for the western region operations of their Transportation Division.
The selected person will head the Western region set up and be responsible for identifying market opportunities and capitalising on them.

We are looking preferably for an MBA in his mid thirties with profit centre management experience. He should have highly developed administrative and leadership skills and possess the capacity to handle a large team of managers and staff. Exposure to the transportation business will be valued.
Emoluments will be negotiable in the region of over Rs. 1 lac p.a. in addition to company car, driver and other perquisites.
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The right candidate would be an M.Sc/Ph.D in his mid forties, already at a No. 1 level in a reputed pharmaceutical/agrochemical company.
Emoluments would be negotiable and on par with industry standards.
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Our client is a Rs. 150 crore public limited engineering company, belonging to an established and diversified industrial group. The company intends setting up an independent division for the manufacture, marketing, servicing, overhauling and packaging of industrial gas turbines, in collaboration with a US giant.

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GENERAL MANAGER

INDUSTRY: MEDIUM ENGINEERING

LOCATION: PUNE

REMUNERATION: ABOVE INDUSTRY STANDARDS

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He should be a result-oriented performer with an excellent track record of achievement, leadership, interpersonal skill and commitment to the job.

He will head the profit centre and be responsible for the total operation of the division which includes Products Design and Development, Production Engineering, Production Planning and Control, Industrial Relations and Materials Management.

The organisation believes in considerable decentralisation of authority and a system of accountability against agreed objectives.

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INDIAN INSTITUTE OF MANAGEMENT BANGALORE

MANAGEMENT DEVELOPMENT PROGRAMMES

April 1990 to March 1991

Name of the Programme	Faculty Leader/s	Dates & Venue
GENERAL MANAGEMENT		
Public Speaking and Conference Leading	J. Philip	June 7-8, 90 Madras
Time Management	J. Philip	Sept 14-15, 90 Bangalore
General Management	TP Gopalaswamy R Ravi Kumar	Nov 12-24, 90 Bangalore
Corporate Long Range Planning for Growth	J. Philip S. Krishnan	Dec 10-14, 90 Bangalore
FUNCTIONAL PROGRAMMES		
Finance and Control		
Budget Planning and Control	Premchander	Sept 5-8, 90 Bangalore
Finance for Non-Finance Executives	S. Ramaswamy	July 23-26, 90 Bangalore
Financial Management for the Entrepreneur	Premchander	July 10-14, 90 Bangalore
Finance for Non-Finance Executives	R Vaidyanathan Premchander	Jan 15-18, 91 Bangalore
Corporate Financial Management	Prasanna Chandra	Oct 1-6, 90 Bangalore
Cost Control and Cost Reduction	R. Narayanaswamy	Dec 5-8, 90 Bangalore
Management of Working Capital	R. Vaidyanathan	Jan 2-5, 91 Bangalore
Marketing		
Strategic Marketing Effectiveness (Consumer Products)	RK Vijayasarathy	Sept 3-6, 90 Goa
Sales Negotiations	PN Thirunarayana	Sept 14-15, 90 Goa
Marketing of Industrial Products	PN Thirunarayana	Oct 11-13, 90 Goa
Strategic Marketing Excellence for Pharmaceutical Products	RK Vijayasarathy	Nov 5-8, 90 Bangalore
Production and Operations Management		
Stores and Inventory Control	S. Ramaswamy	July 9-12, 90 Bangalore
Project Management	MR Gopalan	June 18-22, 90 Bangalore
Technology Transfer and Technology Management	MR Gopalan	July 16-18, 90 Bangalore
PERT/CPM	S N Chary	29 Aug-1 Sept, 90 Goa
Purchasing and Materials Management	S. Ramaswamy	Aug 20-23, 90 Goa
Productivity Management	S N Chary	Sept 13-15, 90 Bangalore
QMIS		
Computer Based Project Management	V Nagadevara S Jagadish	Sept 18-21, 90 Bangalore
Micros for Managerial Decision Making	VB Kaujalgi	July 30-3 Aug, 90 Bangalore
Organisational Behaviour & Industrial Relations		
Personal Growth Laboratory for Managerial Effectiveness	R Ravi Kumar V Anand Ram	Dec 10-14, 90 Bangalore
Workshop on Management of Discipline in Industry	S Sampangi-ramiah SG Lele	July 18-20, 90 Bangalore
Management of Employee Welfare	BR Patil	July 23-26, 90 Bangalore
Managerial Effectiveness	V Anand Ram	Aug 20-25, 90 Bangalore
Trends in Industrial Relations and Personnel Management	BR Patil	Sept 10-14, 90 Bangalore
Effective Management	SG Lele	Sept 6-11, 90 Goa
Productivity Improvement through Positive Industrial Relations	BR Patil S. Sampangi-ramiah	Oct 8-12, 90 Bangalore
Training Methodology and Skills	V Anand Ram	Nov 5-10, 90 Bangalore
Human Resources Development for Managerial & Organisational Effectiveness	CM Reddy	Jan 3-7, 91 Bangalore
Effective Communication for Managers	SG Lele S Jagadish	Jan 17-22, 91 Goa
SECTORAL PROGRAMMES		
Health		
Improving Health Services Efficiency & Effectiveness	JC Bhatia	Aug 19-23. 90 Bangalore
Health and Hospital Management	AV Shanmugam	Oct 24-28, 90 Bangalore
Card		
Watershed Management	Narasingh Misra	Sept 10-14, 90 Bangalore
Education		
Planning and Monitoring For Educational Institutions	Malathi Somaiah	Nov 12-16, 90 Bangalore

A comprehensive brochure giving detailed information on the above Management Development Programmes can be had on request. Individual literature on each of the programmes containing programme objectives, structure, methodology, level of participation, fees, venue and date, will be ready for mailing ten weeks before the commencement of the programme.

Organisations may please write to:
PROF. S. RAMASWAMY
Dean (External Programmes)
Indian Institute of Management
Bannerghatta Road, Bangalore 560 076
Phone: 642501-11
Telex: 0845-2472, Grams: 'MANAGEMENT'

DILIP THAKORE

For the bright-eyed children of Warrora — hitherto a bleak, barren and backward district of Maharashtra that's 100 km by road from Nagpur — it was a moment of joy, hope and expectation. The occasion: the inauguration of the district's first stylistically designed (architect: Pheroze Kudianwala), contemporary English medium secondary school by A.H. Tobaccowala (63), the spry and energetic chairman of Voltas Ltd., (sales: Rs 646 crores in fiscal 1989-90). The school, which cost Voltas a cool Rs 50 lakhs and is managed and staffed by academic nuns of the order of St. Agnes, will accommodate 600 students between the ages of four and 16 — half of them the children of Voltas employees.

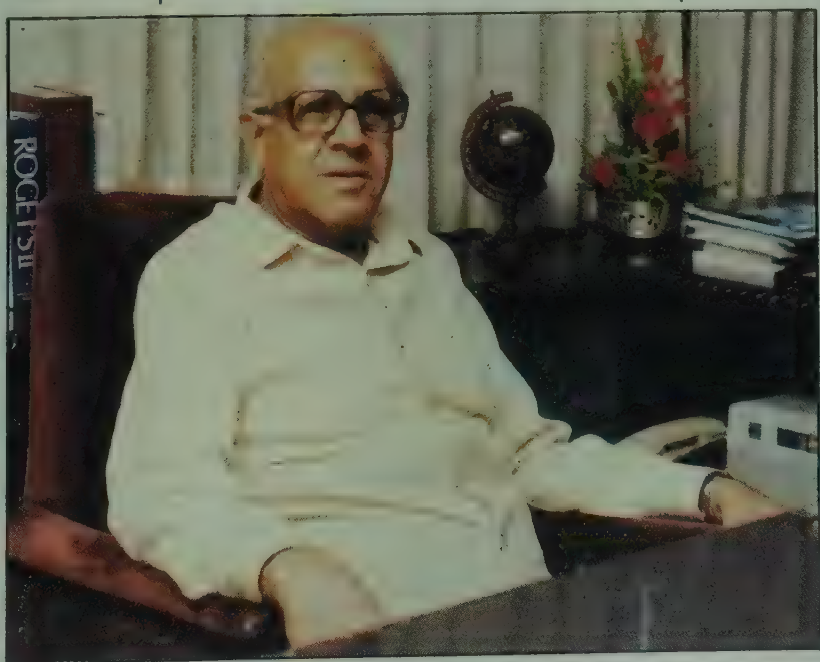
"Our objective is not merely to provide educational facilities to our employees, but to create a thriving community in Warrora. And in the creation of a harmonious community, education plays a vital role," said Tobaccowala in his inaugural address.

Under Tobaccowala's hands-on leadership, Voltas managers have travelled a long way down the road towards creating a thriving community in Warrora. For a start, they have planted over 60,000 trees in the barren landscape of the factory site where summer temperatures rise to a dizzy 44°C. Indeed, in the six years since construction began at the backward area site, the company has chalked up quite a few achievements: the construction of a huge 3.50 lakh sq ft factory and housing for 300 workers and managers in a neat-as-a-pin complex with abundant — and spreading — greenery.

The business generated by the company's Rs 32 crore refrigerator-manufacturing complex hasn't been bad either. In fiscal 1989-90, the division rolled out 1.75 lakh refrigerators valued at Rs 110 crores. And with demand for the company's highly-fancied refrigerators outstripping supply, divisional managers claim that they are contributing almost a third of Voltas' annual profit.

For Tobaccowala, an economics and law graduate of Bombay University who went on to acquire engineering and business management degrees from the University of Chicago, the successful commissioning of Voltas' high potential refrigerator division is one of many corporate milestones.

After winning his spurs at Telco and playing a major role in commissioning the latter's Pune works, he was appointed managing director of Voltas in 1972. Since then he has guided the destiny of this somewhat unwieldy and over-diversified manufacturing-cum-trading company with considerable success, though his efforts to select a successor have not borne fruit. In 1983, Ramesh Sarin, deputy chairman of ITC, was signed on as president of Voltas after an international search. But the celebrated Sarin's induction didn't work and since 1986 Tobaccowala has once again been functioning as chairman and CEO of Voltas. Among recent milestones: engineering the Voltas-PAIC-PepsiCo joint venture and the successful launch of the Voltas range of refrigerators. Moreover, the launch of India's first indigenously-manufactured car airconditioner is imminent.



TOBACCOWALA IS COMMUNITY-RESPONSIVE

"For Voltas, the upward trend is likely to continue and the rate of growth is likely to accelerate. And it will certainly help if the new government delivers its promise of stable, non-discretionary industrial and fiscal policies," says Tobaccowala.

Which may be asking for a lot.

The latest addition to the star-studded board of directors of Associated Cement Companies (ACC), India's largest cement manufacturing organisation (estimated sales: Rs 1,000 crores in fiscal 1990-91) is modest, unassuming V.V. Parameswaran (56). He assumed charge as finance director on 1 April, and behind this appointment is an inspiring story of grit, ambition and determination.

An unpolished commerce graduate of Madras University, Parameswaran joined ACC in 1955 as a clerical assistant and set about working his way up the organisational ladder in right earnest. "I am a great believer in continuous education for career development. And so I began improving my education in my off-duty hours. My day used to begin at 3 a.m. and end at 10 p.m.," recalls Parameswaran. Not without reward either, for he has a string of academic degrees and qualifications. Among them: law and business management degrees from Bombay University, a masters in financial management. Besides, Parameswaran is one of the 30 Indian fellows of the British Institute of Management, London.

Yet academic and corporate laurels are only some of his achievements. In addition, Parameswaran has studied homoeopathy for six years and

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PARAMESWARAN HAD AN EDUCATIVE EXPERIENCE

astro-palmistry for five; in the latter capacity has read 50,000 palms and five lakh horoscopes "with a 75% reliability record." Says he with disarming simplicity: "I don't see any contradiction between my academic achievements and my practise of homeopathy and astro-palmistry to help and encourage my fellow citizens."

There's more that Parameswaran is doing to help his fellow citizens even though it means stretching himself. Currently, he is visiting professor of business management at Bombay's Jamnalal Bajaj Institute of Management, Sydenham College, Chetana Institute and the Tata Institute of Social Sciences. In addition, he also lectures at the training centres of the Unit Trust of India and the Industrial Development Bank of India. "For the determined, educational opportunities are available and India is a meritocracy," says Parameswaran, adding that "belief in God and righteous conduct" also help the ambitious.

Parameswaran lives modestly in suburban Bombay with his charming wife Uma.

For once the more celebrated (Shobha) De played a supportive role as shipping tycoon Dilip De (49) staged a unique event by the poolside of Bombay's Taj Mahal Hotel in support of art. Or, more accurately, an artist.

The event: an exhibition of the canvases of "the young and very talented" Subhash Awchat, followed by the auction of one of his paintings to raise money for refurbishing the city's Jehangir Art Gallery. "There is a great shortage of art galleries in Bombay currently. Consequently Subhash, whom I admire greatly, couldn't find a gallery in which to exhibit his work. Therefore, I decided to help him to exhibit his paintings at the Taj using the hotel's arches as a natural frame," says De.

DE IS PROMOTING ART

As the idea flowered, it included the conversion of the evening into a period Maharashtrian pageant and the auctioning of an Awchat painting, the proceeds of which would go towards the cost of acquiring lighting, temperature control and burglar-proof equipment for the Jehangir Art Gallery. In short, a multiplicity of objectives.

While the hostess and some guests glittered in traditional Maharashtrian costumes, the auction went very well too with a scion of the Birla family bidding Rs 75,000 for an Awchat canvas.

The lateral thinking and executional panache with which De launched Awchat upon unsuspecting Bombay audiences was entirely in keeping with his persona. In the late sixties, De, a commerce graduate of Calcutta University, was a middle-level manager in Mackinnon & Mackenzie. Ten years later De surprised the shipping world by concluding a representative agreement to introduce Sea-Land, the largest container-shipping company in the world, to Indian shippers. Since then it's been smooth sailing for De's Ranadip Shipping & Transport Co, Pvt. Ltd. Currently, the company has an estimated annual turnover of Rs 30 crores and employs 220 personnel.

"I represent the fourth generation of collectors of art in the De family. My family played a fairly important role in promoting Calcutta's Academy of Fine Arts and personally I have been collecting miniatures and folk art of the 18th century for 20 years," says De, who has relatively recently also begun a collection of modern art.

"I am very optimistic about the future of Indian art. We have very good talent which is increasingly being recognised the world over," says De who lives (and works) in upmarket south Bombay with celebrity wife Shobha, three daughters and a son.

■ *Dilip Thakore*
The author is the chief executive of Datamatics Direct and ***founding*** *editor of* BusinessWorld.

CAPITALISING ON BEACON KONE

Changes appear likely in the capital structure of the Madras-based Beacon Kone Pvt. Ltd., a subsidiary of Vijay Mallya's Best & Crompton, which manufactures lifts and escalators. Beacon has a Finnish tieup with Kone Oy and the Finnish Fund for Industrial Development together holding a 40% stake in the company. Best & Crompton holds the other 60%.

Company sources say that the Finnish collaborators now want to hike their equity stake to 51% and governmental clearance is awaited. Meanwhile, the company has also become healthier and fitter to take on more established names like Otis, the market leader.

TRY AGAIN

Fast-paced events last month seem to have effectively scotched the ministerial aspirations of an ambitious technocrat.

In recent weeks, the electronics industry has been agog with speculation that former DoE (department of electronics) secretary K.P.P. Nambiar is the frontrunner for the post of minister of state for electronics. At the moment, this position is vacant, although technically M.G.K. Menon is holding the portfolio by way of an additional charge. (Since its inception in 1971, the DoE has been directly under the prime minister along with the departments of space and atomic energy.)

With V.P. Singh's known penchant for inducting technocrats to head specialist ministries, lobbyists were having a hectic time trying to persuade the powers that be to put Nambiar at the helm of DoE. One of the assumptions was that his readiness to perform a hatchet job over the C-DoT enquiry 'proved' his dependability.

As things have turned out, the prime minister has not bit the Pitroda bait. Like Avis, Nambiar will have to try harder to achieve his crowning glory, namely, a ministership.

RAI'S PLACATORY MOVES

Vinay Rai of Usha Rectifier is now making a desperate bid to salvage his truncated sponge iron project. As an initial major move, he bagged the services of S. Samarapungavan, former chairman of the Steel Authority of India Ltd. (1981-85), to head his new project for which Rs 272 crores has been collected (Rs 176 crores from his flopped mega issue and Rs 96 crores from a rights convertible debenture issue). Minimal progress has been made in the first phase of his project with 120 acres of land being acquired in Amethi (Uttar Pradesh) and site survey and soil testing are still on.


IS RAI TRYING HIS OLD GAMBIT AGAIN?

Meanwhile, the canny Rais (Anil and Vinay), who have been trying to convince all and sundry (with little success) that the selection of Amethi (Rajiv Gandhi's constituency) was without political considerations in mind, are experimenting with every trick in the book to bring themselves closer to the new regime. As a first step, a major galvanised steel project is on the verge of final clearance in Union steel minister Dinesh Goswami's state — Assam. And further, they have also put in an application for a Rs 100 crore pig iron project in Union finance minister Madhu Dandavate's constituency in Maharashtra.

The Rais, on their part, argue that both these applications were submitted when Dandavate and Goswami were in the opposition. Could they, by any stretch of imagination, have known in advance that both would be occupying ministerial berths? they ask innocently.

LEFT MEETS RIGHT

Comrade Jyoti Basu's own little perestroika with the private sector in Calcutta has yielded quick dividends for the local citizenry.

In a quiet move impresarioed by Andrew Yule chief and Bengal Chamber president K.S.B. 'Shubhi' Sanyal — a respected professional whose track record has earned him the confidence of Writers' Building, the state administrative hq. — a clutch of leading Calcutta companies is voluntarily co-sponsoring the setting up of a *son et lumiere* show at Victoria Memorial in the heart of the city. The price tag of a cool Rs 1 crore is being picked up jointly by these companies which are pitching this as a tercentenary gift to the city.

A few weeks back, Basu and chief secretary T.C. Dutt both accepted Sanyal's invitation to an informal private dinner where other Bengal Chamber committee members were also invited. The state government has apparently tacitly assured the corporate captains that in West Bengal *glasnost* is here to stay. A clear case of Right and Left shaking hands.

SWEET & SALTY AMBITIONS

Indian Rayon has drawn up plans to enter two hi-tech projects — sea-water magnesia and corn fructose syrup. The first is slated to cost Rs 100 crores and will draw on sea water to produce magnesia, an import-substitute raw material for the refractory industry. The second project is expected to cost Rs 60 crores.

The company has got the governmental green signal for the projects. Senior president Anand Rathi is looking around for the right technology partners.

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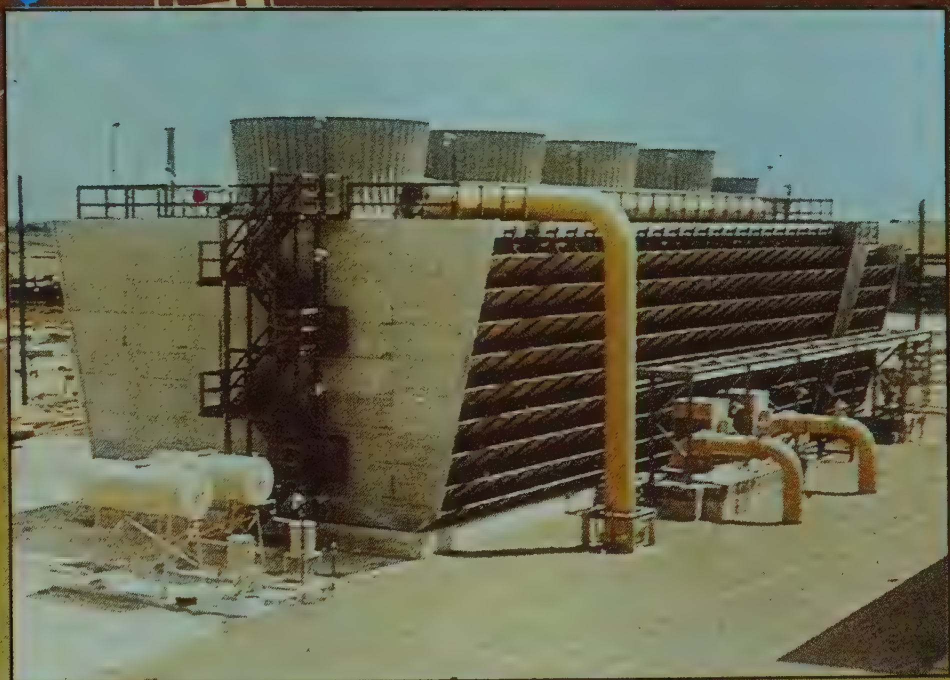

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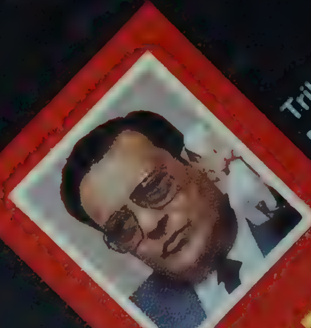
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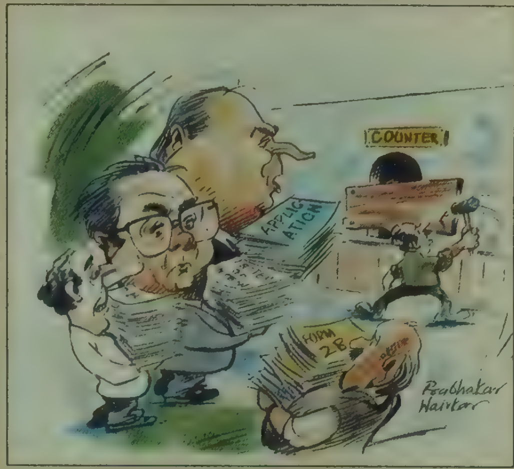
BUSINESS QUOTES

■ **...we are trying to make investments in industrial activity not dependent on the government for case-by-case approvals and clearances by many agencies... I am talking about a no-window approach.**

Industry minister Ajit Singh, quoted in *Financial Express.*



■ **We want to provide Indian industry with an environment that encourages competition, innovation and entrepreneurship.**

Prime minister V.P. Singh, quoted in *Business Standard.*

■ **The countries which are advocating this liberalisation are conveniently forgetting what they were doing a few years ago.**

Commerce minister Arun Nehru on the US threats of sanctions under Super 301, quoted in *Business Standard.*

■ **I think the present Planning Commission is wary of letting us know what they have in mind. Maybe they have a two-phased approach. They have shown us their economic philosophy and will later reveal to us the nitty-gritty of their policies.**

Former Planning Commission member Abid Hussain, quoted in *Sunday.*

■ **You can't go on producing without selling, and you can't sell without services.**

Canara Bank chairman N.D. Prabhu, quoted in *India Today.*

■ **In a multinational, the management tends to throw money around on all kinds of stupid things. 'Renovation' is a favourite word; conference rooms are built in the centre of floors and then broken down.**

Philips Employees Union president Kiran Mehta on the travails of the company, quoted in *The Sunday Observer.*

■ **Yes, prices have really started tumbling down.**

Food and civil supplies minister Nathu Ram Mirdha, quoted in *The Independent.*

■ **Ours is a poor man's company. So we would build housing complexes for lower and middle-income groups.**

Peerless chairman P.C. Sen on the company's diversification into housing, quoted in *The Week.*

■ **Unfortunately, my rules of professional conduct prevent me from appearing for the Hindujas ... I can't be on both sides of the fence.**

Supreme Court lawyer Ram Jethmalani, quoted in *The Illustrated Weekly of India.*

■ **If (US) corporations want to save money, they should move headquarters overseas where they can get good, cheap, senior managers, and leave the plants here, where labour is more competitive.**

University of Southern California professor Edward E. Lawler on the high management pay in the US, quoted in *International BusinessWeek.*

BusinessWorld

IN THIS ISSUE

EXECUTIVE LOUNGE AT DELHI'S MAURYA SHERATON: THE HOTELS GAME IS CHANGING

BUSINESS FEATURE

THE GREAT HOTEL RACE

Suddenly, the field is wide open. Big international names have tied up with untested Indian promoters to take the plunge in the latest sunrise sector: hotels. The old boys — the Oberois, the Taj group and ITC's Welcomgroup — are also gearing up for action.
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ENTREPRENEURS

SHIPSHAPE AT LAST

With the change in the political environment, Dev Das' patience has finally paid off. His proposed Haldore Shipyards & Offshore Construction Ltd. is all set for smooth sailing.
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DEV DAS: PATIENCE PAYS

ECONOMY & BUSINESS

A SPOT OF TROUBLE

The standard answer of the stockmarket authorities to sharemarket speculation is to shift scrips to spot trading. But, usually, this doesn't work, mainly because it doesn't allow supply and demand factors to operate freely.
▪ PAGE 31

PLAYING BIG BULLY

With Japan agreeing to reforms and an opening up of its markets and Brazil, too, relaxing its restrictions on US imports, India is the only country to be retained on the Super 301 hitlist. What next?
▪ PAGE 33

FLYING START FOR UB AIR

The nascent air taxi industry is all set for takeoff and Vijay Mallya's UB group, having acquired a Dornier, will be the first private sector carrier to touch the skies.
▪ PAGE 34

COMPANY NEWS & EVENTS

CEMENTING A TURNAROUND

Everything's fine thank you at N. Srinivasan's India Cements. The company's turned around and with the acquisition of Coromandel Fertilisers' cement unit, India Cements should emerge as a major force down south.
▪ PAGE 37

SPINNING INTO BIG TIME

Polyester-blended yarn is its main product line, but Shree Rajasthan Syntex is set to diversify into polypropylene and basic drugs. Its goal: the Rs 100-crore club.
▪ PAGE 39

BANKING & FINANCE

SOLITARY REAPERS

Top-notch professionals from established merchant banking outfits are handing in their papers and going solo. Why this sudden burst of entrepreneurship?
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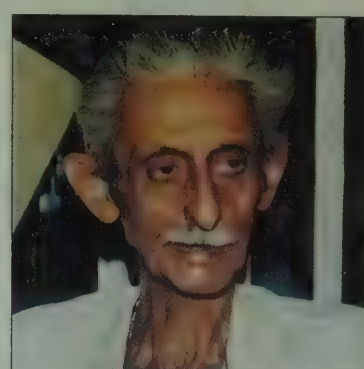
INVESTMENT WORLD

"GO FOR COMMODITIES"

This is the advice of Hemant Dani, editor of



DANI IS BEARISH

Fortune India to readers of *InvestmentWorld*. Dani is bearish on stockmarkets.
▪ PAGE 69

AGRAWAL (INSET) HAS TURNED TRIBENI TISSUES AROUND

SPOTLIGHT

TRIBENI TISSUES' BOUNCEBACK

Two years back, it looked like a has-been. But today, Tribeni Tissues is back with a bang, having engineered a tremendous turnaround in working. The secret is the company's reorientation to the market, says managing director R.P. Agrawal.

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SPECIAL REPORT

WORM IN GENELEC'S APPLE

If Manu Chhabria is to be believed, the true-Brit General Electric Co. sold him a lemon (i.e. Genelec) dressed up as an apple. Chhabria has already moved court for fraud and misrepresentation of figures.

CHHABRIA CLAIMS HE WAS SOLD A PUP

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A & M WORLD

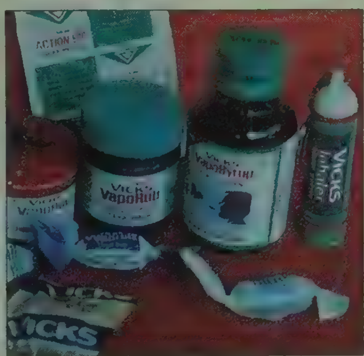
RURAL CONSUMER BOOM

A recent ORG study shows that the rural market for consumer goods is growing faster than the urban one. Soon there may, in fact, be no such thing as a separate rural market.

▪ PAGE 19

BANKING ON A NAME

Brand and line extensions are a tricky exercise. But Procter & Gamble India appears to have fared quite well in extending its Vicks range for a variety of products.



▪ PAGE 24

IN THE NEWS

VIRUS BUSTERS

Bugged computer owners can now avail themselves of the virus fighting expertise of the Vijay Mukhi Computer Institute trio: Vijay Mukhi himself, Tilakraj Shetty and Apurva Shah.

MUKHI CRACKS VIRUSES

▪ PAGE 25

SHIFTING FOCUS

G.M. Singh Nindrajog, of QSS-Lazor fame, has focussed his camera on two new areas: hotels and real estate.

▪ PAGE 25

BRANCHING OUT

The Prakash Roadlines group is making a foray into electronics which chairman M.P. Wadhwan believes is tomorrow's goldmine.

▪ PAGE 26

ADDING A STRAND

Mukesh Jain is confident of success. His Pasupati Acrylon is all set to gatecrash into the acrylic fibre club.

▪ PAGE 26

WINDS OF DIVERSIFICATION

Fans have not created an adequate storm in the market for Polar group managing director Anil Agarwal. He is moving into other areas like marble, condoms and paper.

AGARWAL SEEKS NEW AREAS

▪ PAGE 28

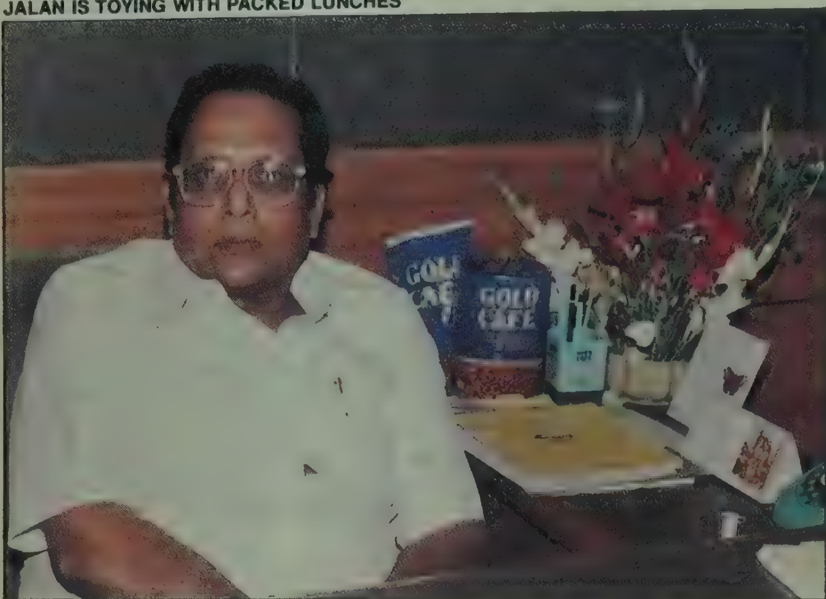
OTHER PAGES

After his Gold Cafe splash (which is now tasting a wee bit bitter), what is Indana supremo H.S. Jalan up to these days? He has, of course, his ceramic ambitions, a Rs 50 crore project no less, and his biscuit sortie has just been flagged off with Indana Super Glucose.

But Jalan hopes to have more on his plate than just that: he is currently toying with mass production of packed lunches. The surprise is the price tag. "We should be selling the packed lunches at Rs 3 to Rs 4," he says.

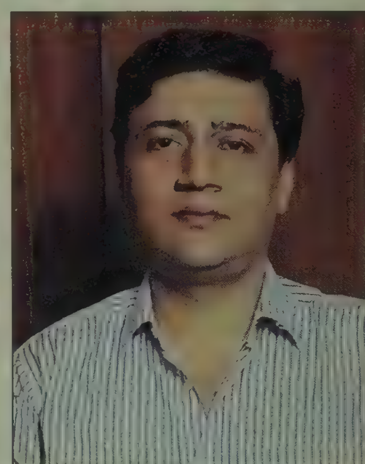
How? "Low margins and economies of scale," explains Jalan. "Currently the profit margins on foodstuffs are enormous. I am not looking to making a killing." Bisca, for all Ramesh Chauhan's acumen, tried and failed. Will Jalan hit gold with his poor man's version?

JALAN IS TOYING WITH PACKED LUNCHES



The first time, nobody believed him. The second time, critics quibbled about how Rajan Jetley got his profit numbers. But this time around, Air India's high-flying managing director has effectively silenced detractors by dishing out mouth-watering operating profits of Rs 112 crores (net profit: Rs 55 crores) for 1989-90.

How did he do it? Answers Jetley: "Earlier, our so-called business class was carrying full fare paying economy class. Now we have a special business class for which passengers pay 10% more per seat."



JETLEY ANSWERS HIS CRITICS

This bottomline success has encouraged Jetley to blot out the other red spot on the balance-sheet: its loss-making subsidiary, the Hotel Corp. of India (HCI). If the government nods assent, HCI could be privatised with Air India holding on to only 40-49% of HCI's equity. Says Jetley: "We'd prefer to be investors in HCI." So would several other hoteliers, if only to get their hands on HCI's prime properties, especially the one next to Bombay airport.

Abhey Oswal is not usually at a loss for words. But then, when you are up against militant environment angel Maneka Gandhi, the words kind of dry up.

On 4 May, when the young Mrs G drove up to Oswal's Chembur (Bombay) petrochemical complex, the right banners were there in the right places all right. "We are committed to keep (sic) the environment clean." But when the pungent effluvium wafted up to Mrs G's nostrils, she flared up. "Where is the clean, fresh air, Mr Oswal?"

Mumbled Mr O: "Well, madam, it's clean..."

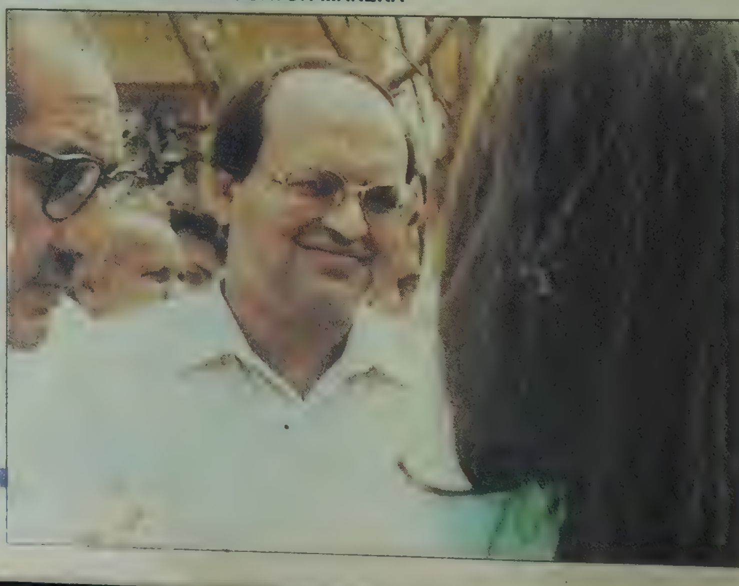
"Then why can't I breathe? Why are my eyes smarting? Can you breathe?,"the lady queried.

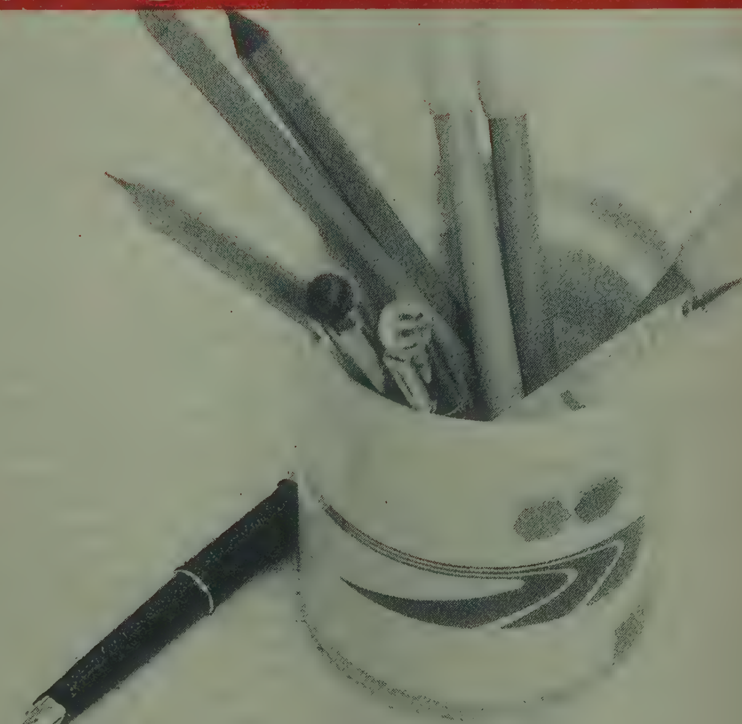
"I can," quoth Oswal weakly.

But the lady had the last words. "Why is there so much naphtha in the air? Mr Oswal, you are single-handedly responsible for polluting this area..." said she.

K.O. A couple of days later, the Maharashtra government got the message too and ordered closure of the Chembur unit.

OSWAL FACING INTERROGATOR MANEKA





A SMALL STEP

A long-felt demand was met last month with the formal flagging off of the country's newest financial institution, the Small Industries Development Bank of India (Sidbi).

Although Sidbi is a subsidiary of the Industrial Development Bank of India (IDBI) for the moment, there is no doubt that the former has a rightful role to play in India's small-scale entrepreneurial sector. This sector has not been getting its due partly because of the prevalent misconceptions about its size, complexity and potential.

Figures available for the financial year ended March 1988 indicate that there were about 1.6 million registered small-scale units doing business at that time, employing 10.7 million people and grossing a turnover of around Rs 85,700 crores.

Significantly, the small-scale sector notched up creditable export earnings of over Rs 4,000 crores. In the two years since, one can reasonably assume that these figures have further burgeoned.

Against this background, the meagre authorised capital of Rs 250 crores allotted to Sidbi sticks out like a sore thumb. Till end-March 1989, IDBI alone had financed small-scale industries to the cumulative estimated figure of Rs 10,000 crores, while the state financial corporations had collectively lent Rs 6,550 crores. Surely, Sidbi needs a much stronger capital base to emerge as the lead term-lender in its sub-sector.

One of Sidbi's early priorities ought to be a re-examination of the existing unimaginative definition of a small unit. In government terminology, a small-scale unit is one where the original investment in plant and machinery does not exceed Rs 35 lakhs. For ancillary units which supply at least 30% of their output to the mother unit, the ceiling is Rs 45 lakhs. The bureaucratic penchant for exactitude is evident in these definitions; yet, as any entrepreneur would point out, such rigid preconceptions are an anomaly. For credibility's sake, Sidbi will have to be far more catholic in its outlook.

The nurturing of individual entrepreneurial aptitude requires a different mindset from that of overseeing corporate activity. Accordingly, Sidbi's personnel will have to be more man-managers than financial managers. Their job involves keeping their clients' motivation levels high — not an easy task always.

Sidbi's task would be well begun if it could emulate the humility with which a small-scale entrepreneur usually goes about setting up shop. Otherwise, it will be just another bureaucratic invention.

CESCON Electricals Limited

NOTICE

It is hereby notified for the information of the public that CESCON Electricals Limited proposes to make an application to the Central Government in the Department of Company Affairs, New Delhi, under Sub-Section (2) of Section 22 of the Monopolies and Restrictive Trade Practices Act, 1969, for approval to the establishment of new divisions. Brief particulars of the proposal are as under:

1. Name and address of the applicant:
CESCON Electricals Limited
Registered Office:
Victoria House
Chowringhee Square
Calcutta 700 001
(Subject to necessary approvals, it is proposed to change the name of the Company to 'CESCON Limited').

2. Capital structure of the applicant organisation

	Rs.
AUTHORISED CAPITAL	
50,000 Equity Shares of Rs 10/- each	5,00,000
SUBSCRIBED AND PAID-UP CAPITAL	
100 Equity Shares of Rs 10/- each fully paid	1,000

(It is proposed to gradually increase the Authorised, Subscribed and Paid-Up Capital of the Company to Rs 1|crore divided into 10,00,000 Equity Shares of Rs 10/- each).

3. Management structure of the applicant organisation indicating the names of the directors, including managing/wholetime directors and manager, if any

The applicant Company is managed by a Board of Directors. The names of the present Directors are—

Mr. R.P. Goenka, Chairman
Mr P.B. Ghosh, Vice Chairman
Mr Sanjiv Goenka, Director
Mr S.K. Niyogi, Director
Mr C. Das Gupta, Director
Mr A. Chatterjee, Director
Mr P. Majumdar, Director
Mr H.P. Nag Chowdhury, Director
Mr R.S. Lodha, Director

4. Indicate whether the proposal relates to the establishment of a new undertaking or a new unit/division

The proposal relates to the establishment of new divisions for undertaking export and agency business in various goods, manufacture and processing of foods and beverages, leasing and financing business and acquisition of and dealing in properties, as specified in item 7 (i) below

5. Location of the new undertaking/unit/division

It is proposed that the new divisions will presently be located at the Registered Office of the Company at Victoria House, Chowringhee Square, Calcutta 700 001.

6. Capital structure of the proposed undertaking

The proposal does not relate to the establishment of a new undertaking.

7. In case the proposal relates to the production, storage, supply, distribution, marketing or control of any goods/articles, indicate:

i) Names of goods/articles
The proposal relates mainly—

a) To carry on all or any of the businesses of exporters, importers and agents and to act as Export House and Trading House, in relation to all kinds of goods, articles, wares, stores, merchandise, plant, machinery and other capital equipment etc.

b) To carry on all or any of the businesses of manufacturers, processors, preservers, exporters, suppliers of and dealers in farm products, poultry, meats, fish, fish products, sea foods of all varieties, and aerated or mineral waters, fruit juices, soft and hard drinks etc.

c) To carry on and undertake the business of leasing and lease operations of all kinds and letting on hire or hire purchase plant, machinery, equipment, automobiles, computers etc. and,

d) To acquire by purchase, exchange or otherwise lands, tenements and premises/buildings of any tenure and to hold, develop, sell, or otherwise deal with all or any of such lands, tenements, premises/buildings.

ii) Proposed licensed capacity

Not applicable.

iii) Estimated annual turnover

It is not possible to estimate the annual turnover of the above goods at this stage.

8. In case the proposal relates to the provision of any service, state the volume of activity in terms of usual measures such as value, income, turnover etc.

It is not possible to estimate at this stage the volume of activity relating to the provision of service referred to above.

9. Cost of the project — Not applicable

10. Scheme of finance, indicating the amounts to be raised from each source

The financial requirements in respect of the new divisions will be met out of the Company's own funds and also from borrowed funds.

Any person interested in the matter may make a representation in quadruplicate to the Secretary, Department of Company Affairs, Government of India, Shastri Bhavan, New Delhi, within 14 days from the date of publication of this notice, intimating his views on the proposal and indicating the nature of his interest therein.

Registered Office:
Victoria House
Chowringhee Square Calcutta 700 001

Dated Calcutta, this 3rd day of May, 1990.

SALIL KUMAR NIYOGI
DIRECTOR

CESC Limited

NOTICE

It is hereby notified for the information of the public that CESC Limited proposes to make an application to Central Government in the Department of Company Affairs, New Delhi, under Sub-Section (4) of Section 23 of the Monopolies and Restrictive Trade Practices Act, 1969, for approval to the take over of the whole or part of CESCON Electricals Limited.

Brief Particulars of the proposal are as under:

i) Name and address of the applicant:
CESC Limited
Victoria House
Chowringhee Square
Calcutta 700 001

ii) Name and address of the undertaking the whole or part of which is proposed to be taken over and the manner of take over, i.e. by acquisition of shares, acquisition of control or management, whether by the acquisition of the ownership of the undertaking or under any mortgage, lease or licence or under any agreement or other arrangement:
CESCON Electricals Limited
Victoria House
Chowringhee Square
Calcutta 700 001
(CESCON Electricals Limited is taking steps to change its name to 'CESCON Limited').
Subject to necessary approvals, CESC Limited proposes to acquire for cash at par the entire share capital of CESCON Electricals Limited not exceeding a sum of Rs 1 crore.

iii) Management structure of the applicant:
The applicant company is managed by a Board of Directors consisting of thirteen members with a Managing Director and three Wholetime Directors.

iv) Capital structure of—

a) CESC Limited, the applicant:

AUTHORISED CAPITAL	As at 31.3.90
	Rs.
3,67,50,000 Equity Shares of Rs 10/- each	36,75,00,000
32,50,000 7½% Cumulative Preference Shares of Rs 10/- each	3,25,00,000
	40,00,00,000

ISSUED, SUBSCRIBED AND PAID-UP CAPITAL	As at 31.3.90
	Rs.
1,69,45,026 Equity Shares of Rs 10/- each	16,94,50,260
32,07,029 7½% Cumulative Preference Shares of Rs 10/- each	3,20,70,290
	20,15,20,550

b) CESCON Electricals Limited, the undertaking proposed to be taken over:

AUTHORISED CAPITAL	
50,000 Equity Shares of Rs 10/- each	5,00,000
ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL	
100 Equity Shares of Rs 10/- each	1,000

(CESCON Electricals Limited proposes to gradually increase its Authorised Share Capital to a sum of Rs 1 crore divided into 10,00,000 Equity Shares of Rs 10/- each)

v) Line(s) of business of the undertaking which will or is likely to emerge as a result of the proposed take-over:
There will not be any change in the lines of business of the undertaking as a result of the proposed acquisition of shares referred to above.

vi) Consideration for the take over:
The proposal is for acquisition of the aforesaid shares of CESCON Electricals Limited for cash at par.

vii) Scheme of finance indicating the source(s) of finance for the proposed take over:
The funds for the proposed acquisition of the aforesaid shares will be met out of the Company's own funds.

2. Any person interested in the matter may make a representation to Secretary, Department of Company Affairs, Government of India, Shastri Bhavan, Dr. Rajendra Prasad Road, New Delhi, within 14 days from the date of publication of this notice intimating his views on the proposal and indicating the nature of his interest therein.

Registered Office:
Victoria House
Chowringhee Square
Calcutta 700 001
Dated, Calcutta this 3rd day of May, 1990

PRIYA BRATA GHOSH
MANAGING DIRECTOR

Announcing Dragoco's Indian joint venture –

DRACHEM SPECIALITY CHEMICALS LTD

May 11, 1990

On the wings of a tranquil summer breeze, a mythical dragon wafts in from the West and touches down on Indian soil. The dragon, symbol of DRAGOCO, will touch millions of lives across the country.

Dragoco Gerberding & Co GmbH of West Germany is a world leader in speciality aroma chemicals used in the manufacture of flavours and fragrances for the foods, beverages, pharmaceuticals, cosmetics, soaps, personal and health care products and various other industries.

DRACHEM SPECIALITY CHEMICALS LTD

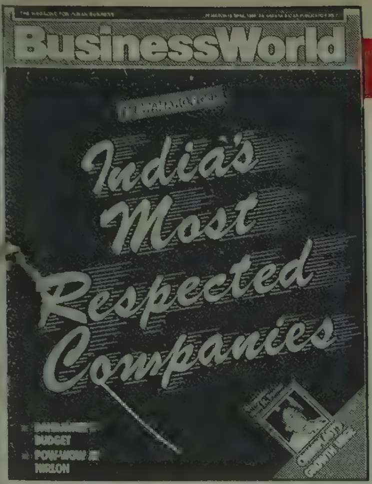
The joint venture will manufacture the Dragoco range of speciality chemicals. Indigenous availability of these chemicals, backed by the comprehensive technical expertise and support of Dragoco made available through Drachem, will usher in a new era for the Indian flavours and fragrances industry, enabling it to offer products of international quality.

Off Berikai, Hosur, near Bangalore, the foundation stone for the new venture will be laid jointly by Mr. Horst-Otto Gerberding, President & CEO of Dragoco and Mr. N. Sankar, Vice Chairman & Managing Director of Chemplast.

For the Indian flavours and fragrances industry, the best is yet to come.

Hold your breath!

HTA 9144



LETTERS TO THE EDITOR

INFANTILE JOURNALISM

With reference to the cover story 'India's most respected companies' (*BW* 28 March-10 April, 1990), why is so much time and money wasted in conducting the so-called polls to determine India's most respected companies?

Even the man in the street knows that Tisco, Telco, Glaxo and L&T are among the most respected companies. Why conduct a study to know the obvious?

Further, it is ridiculous to rate companies on such vague criteria as responsibility to the community and company to work for. It is just another instance of infantile journalism.

S.K. Das
Calcutta

UNCOMPROMISING QUALITY

The cover story was an excellent treat to your regular readers. Many companies which were riding the crest have now been buried irretrievably deep because of the lethargy of the management, the militancy of the workers or a fall in the image perception of products. The ultimate aim of any company should be the end user and not the product. If the top companies do not realise this, they will perish.

The reason a customer pays more without a demur to buy products of Colgate-Palmolive, Lever etc. is mainly because he knows that quality will not be compromised on.

U.S. Iyer
Bangalore

WINDOW DRESSING

The top 10 as per the *BW-MARG* poll raises many doubts. ONGC and BHEL, which have registered a zippy sales growth and can boast of high financial prudence, are rated low in the analysis. One wonders how Telco, which covered up the profit plunge by window dressing and which had the dubious distinction of a phenomenal number of mandays lost, could earn such a high ranking.

A healthy company like English Electric is rated below Crompton Greaves, thanks to subjective factors. We would have appreciated it if the ranking score board had analysed factors like financial soundness, market share, expansion and collaborations with a fine toothcomb.

S. Ranganathan
Madras

SLIDE OF A GIANT

In the cover story on most respected companies, Hindustan Lever's downslide was no surprise considering the consistent fall in its values. The company's functionaries continue to alienate the public, be it the consumers, their workers or agents/dealers.

The executives' main concern has been to stem the tide of Nirma whereas the welfare of the families of the workers of the closed down Sewree unit has been neglected. Besides the company is reportedly holding on tenaciously to the property it has accquired from flat owners, which is valued at around Rs 40 crores. Hence Hindustan Lever has tumbled down in 'responsibility to the community.'

R. Kumar
New Delhi

VAYUDOOT: THE LIKE COMPARISON

UNFAIR POLL

With reference to the cover story, the polling seems to have been done mostly in and around Bombay. Therefore companies which would have surely qualified from other centres, were not even featured in your list of 116 companies.

Besides, no reasons were given for leaving out banking and financial institutions, tyre and tube industries, hotels, publishers etc.

Furthermore, Air India and Indian Airlines along with Vayudoot could have been judged in the general services category. Thus, very unfairly, the curtain was brought down on the poll.

Sunil Baptist
Calcutta

The problem was in comparing like with like. In airlines there are only three of them, so too in hotels. Some widely diversified units — Voltas, for example — weren't easy to categorise. But we accept that there are shortcomings in our poll. We'll try to correct them in future — Editor.

DE-RANKING?

While the cover story on most respected companies was innovative and made interesting reading, as a professional in the field of electrical engineering, I found certain aberrations.

For example, English Electric has been rated at No. 61 whereas its standing with its customers is far better. As far as quality of products, innovativeness, financial soundness and profitability is concerned, this company would be much above leaders like Siemens and L&T. In contrast, a company like Crompton Greaves was rated No. 38, although this company does not enjoy the same reputation.

Anil Kumar
Bangalore

MORE DETAILS

The article on India's most respected companies was quite enlightening and sprung quite a few surprises.

The management item 'Capital budgeting' was excellent. It would have helped if terms like internal rate of return, discounted cash flow, sensitivity analysis etc. were explained with a slightly more detailed description. Such a coverage would greatly enhance our knowledge in the special niche of capital budgeting.

The change of rules in the Investor contest is a change in the right direction.

R. Singh
Bombay

POOR QUALITY

The much awaited article on respected companies fell below my expectations.

The quality of the write-up is not up to the mark. Something was missing. The article was not able to sustain the interest. Also, some expressions like "booted out, SAIL kicked down, oust ONGC," etc., were out of place.

P.R.Vasudevan
Jamshedpur

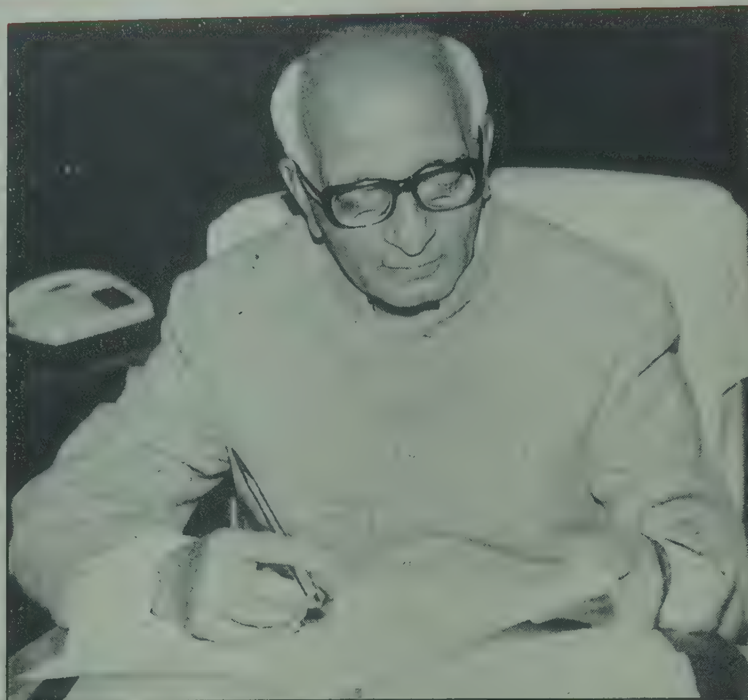
NO SOLUTION

This is with reference to the budget special item 'Dandavate's new broom' (*BW* 28 March-10 April). Without being overcritical, we can definitely appreciate Dandavate's budget, which is an amalgamation of his experience and imagination.

But to err is human and Dandavate's no exception. The price hike on petrol will definitely have various effects on the economy, and it is inflationary by nature.

Besides, no solution has been found for the Rs 7,000 crore odd budget deficit.

Bedabal Ray
Calcutta



DANDAVATE'S BUDGET'S NO EXCEPTION

BIGGEST ASSETS

The finance minister has chosen to further burden the hapless public by a massive hike of 15% on petroleum products.

However he is blind to the biggest asset on his balance sheet viz Rs 71,000 crores of taxpayers' money invested in public sector enterprises. This investment realises a profit before tax of less than 6%. If the government considered selling 60% of this equity to the public, the former would not only retain control of these companies but would also have Rs 43,000 crores in its kitty — an amount which could take care of the deficit.

Sandeep Batra
Meerut

BAD TASTE

This refers to the political comment item 'Cong (I): passing into history?' (*BW* 28 March-10 April). The article was in very bad taste and reflects very poorly on the quality of the editorial board of *BW*.

Janata Dal, as of today, is no better than the Congress (I). It is clear from the budget that the policies will result in large scale industrial recession.

Janata Dal is a group of backward people.

A Reader

ERROR

This refers to the banking and finance item 'Going the personal way'(*BW* 28 March-10 April). The article states that Vysya Bank is a Bangalore-based nationalised bank. But the fact is that it is a private sector bank.

S. Nandagopal
Kakinada

We stand corrected—Editor.

OUTDATED

I was surprised to read the economic review item (*BW* 28 March-10 April) in which the wholesale price index (WPI) is dated 24 February 1990 when the WPI of as late as 10 March was available in the newspapers on 25 March.

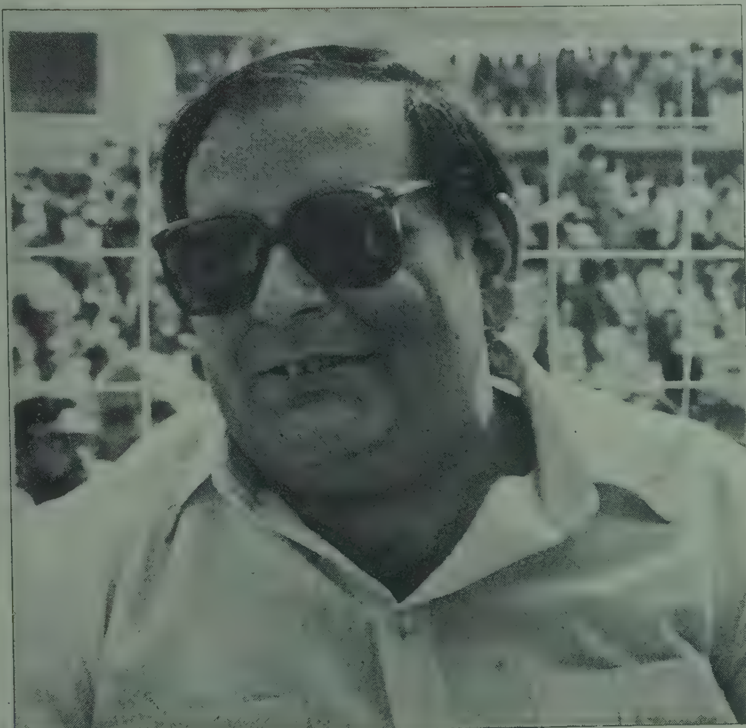
The consumer price index was given for December 1989 when the index for January 1990 was available as early as the second week of March. Similar errors were made regarding exchange rates of gold and silver prices, the foreign exchange rates and the CSO index of industrial production.

It is difficult to understand the purpose of giving an outdated column.

Praveen Godbole
Bhopal

The figures of the economic review were sent for setting on 13 March. Thus any figures which were available after 13 March could not be included in the review of that page. For those who are lucky to read the financial papers everyday, the review page of BW *may appear slightly outdated. At the same time, in many remote areas of our country, industrial workers and company managers depend upon our figures for administration purposes. However, we will try to reduce the gap between the issue date and that of the figures of the review page*—Editor.

TEA FOR TWO?



NEHRU HAS ONE KIND OF SOLUTION TO THE FOREX PROBLEM

Need a person to kill two birds with a single stone? Arun Nehru is there to do the job.

Bugged by the constant nagging of finance minister Madhu Dandavate about the country's depleted foreign exchange holdings, Nehru has come out with what he himself can do best to ease the difficult situation that has been haunting the National Front government ever since it came to power.

Nehru, it is believed, thinks the forex crunch is no big issue and can be easily solved over a 'cup of tea.' And so he has decided to interlink the working of the ministries of tourism and commerce, both of which incidentally are his portfolios, in order to generate increased foreign exchange inflows.

In keeping with this, Nehru, it is learnt, has decided to accelerate the export of tea (which is a commerce ministry subject) while getting curious outsiders into the country (through the tourism department) to see what tea-making is all about.

Beginning October this year, the tourism ministry will introduce a package tour of south Indian tea gardens for British nationals. The idea is to accommodate visitors at tea gardens so that they can see how the stuff is made. The package will also include trekking in the Nilgiris and golfing in the famous courses of Ooty, Wellington and Coorg. It's aimed at drawing the upmarket British visitor to south India so that when he gets back home, he can order 'Niligiri Special' as his next cup of tea.

A few months later, in the spring of next year, the tourism department will organise yet another tea event up north in Darjeeling. A two-day extravaganza that will be a part of the 'Visit India Festival' of 1991, it will aim at promoting tourism among all sections of the travelling public and make the Darjeeling brand a worldwide name. The Darjeeling festival will also organise visits to local tea gardens and nearby tourist spots.

As it looks, both the plans are indeed attractive and may quite succeed in generating the extra dollar. Neat work, what?

WHAT'S ARIF'S GAME?

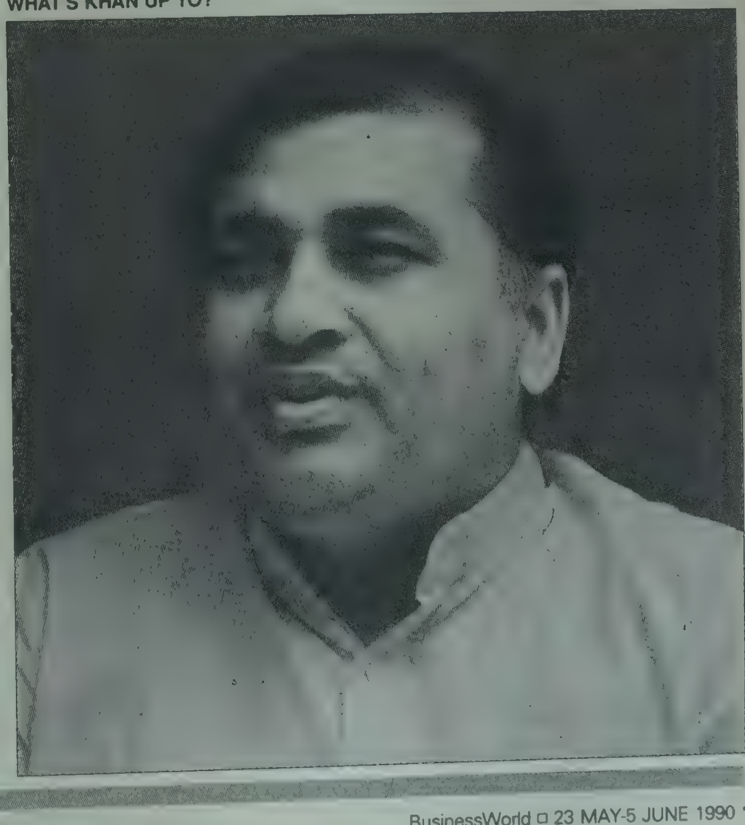
The Airbus A320 deal is becoming more and more intriguing, what with revelations that the former prime minister himself took the decision to take the untried V2500 engine along with the plane. But civil aviation minister Arif Mohammed Khan is again in the news. He had put his foot in it by trying to leak an obviously baseless story that the cockpit voice recorder and the digital flight data recorder had shown that it was engine failure (see GovernmentWatch, *BW* 28 March-10 April, 1990). A subsequent enquiry report clearly pointed to pilot error. Now where does that put Mr Khan?

The minister had denied that the ministry ever tried to put the blame on the engine, which just goes to show that journalists can glibly be taken for a ride. So it becomes necessary to identify the source of the leak. Apparently, it was the minister himself who did so, having being peeved at a "leak" from France that pilot error was the cause of the 14 February A320 crash at Bangalore.

Now the minister is back in the news on the same subject. This time for having met the former prime minister and his one-time boss, Rajiv Gandhi. A mere meeting would not have become controversial had it not been followed by the revelation in parliament four days later that an important file pertaining to the A320 deal was missing.

The Congress(I), which clutches at any straw thrown its way, of course, tried to make much of it without mentioning anything about the meeting between Khan and the party president. But eyebrows were necessarily raised. Was the civil aviation minister up to some games? Going by past record, it looked quite possible.

WHAT'S KHAN UP TO?



COPING WITH TRADE UNIONS

It is a problem which is becoming more and more difficult with each passing day. With increased labour unrest and workers fighting for their rights, coping with trade unions has become vital for the manager.

This problem has two facets: one is the manager, the other is the trade union. Let us first look at the manager and see to what extent he is contributing to the problem. His contribution is basically in three areas. The first is his basic approach to what can be called the work logic and his sense of loyalty. A manager naturally considers himself responsible for results and in order to get results he tries to see that all technological requirements are provided. The worker has his own logic and sometimes the two logics can conflict and create a problem.

Most managers are accustomed to looking at the work logic. They feel that they are the ones who look after production, productivity and results. All the union or the unionised workers do is put obstacles in this process. The managers feel that they are loyal to the company and the unionised workers and their leaders are essentially against the company's interests.

With labour unrest growing by the day, both managers and workers have to be trained to ensure that their viewpoints are in keeping with the changing industrial climate in the country

The second problem comes from the manager's background. A manager has somewhat feudal ideas about his "entitlement" and his "authority." He typically feels that because of his worth — his education and experience — he is entitled to his salary, perquisites and authority. He feels what the worker is getting is essentially through "blackmail" by the union. He does not think that the worker is "entitled" to the kind of wages he is getting. This creates a problem. The manager feels hostile every time the union strikes a deal for a pay hike.

The third problem is that of ideological conflict. A manager eventually shifts towards what he considers the capitalist stance, while the worker (particularly the worker-leader) tends to talk about socialism. Both these doctrines are donned for the occasion only. The worker is probably as capitalistic as the manager. The manager also, when it comes to himself, has certain ideas of socialism. But in the workplace, they feel as if they represent different ideologies. This creates a lot of hostility.

These are the three problems which managers can create. Similarly, there are three problems from the side of the unionised workers. Often the unions are formed after a long strife with the management. Consequently, there is a history of alienation and hostility. Where the worker-leaders come from a class different from that of the managers, the hostility is accentuated with a strong feeling of "we" and "they."

The second problem comes out of the basic nature of the union — which has to represent the "worker logic" and not the "work logic." Union leaders are not appointed, they are elected. They have to be advocates of the workers' feelings and represent them as strongly as possible — even though they may personally consider some of the feelings not quite reasonable. Just like an advocate presents the case of his client, a union leader is essentially presenting a case for the workers.

The third problem comes out of the political nature of the trade union. The union is essentially a political body. For survival, growth and power, it often needs political linkages. Many managers feel that the workers and unions getting affiliated to political parties is, in some way, an intrusion of politics into the industrial climate. However, in the current situation, this is unavoidable since a union cannot think of really prospering unless it feels that it has some political support.

The situation obviously means that a lot of training has to be given to both the managers and the union leaders. The manager has to be taught to understand the changes which are taking place in the political, economic and social ethos and how his present attitudes and values can be disfunctional if they are at variance with the changes.

Whether the country is getting socialistic or not, the industrial climate is definitely becoming socialistic and there has to be a much greater sense of equality among the managers and the workers.

Secondly, the manager must understand the unions' source of power — what gives them the power, especially how they get the loyalty of the workers. Thirdly, the manager must realise that the responsibility to develop a rapport with the workers and worker-leaders is squarely on his shoulders.

VALUE ADDED

The management should also try to train the worker-leaders. There are certain concepts which have to be communicated to them. The first is that of *value added*. Many times there is a feeling that there is a vast pool of money available with the management and the workers must put pressure to get as much out of this pool as possible. In fact, whatever the workers get is essentially from the value added in the establishment. In every organisation, a certain amount of money is spent in getting the raw materials and energy which are required for the production process. A certain amount of money is obtained by selling the product. The difference between the two is the value added. The workers get their wages, the managers get their salaries, shareholders get their dividends etc. out of

this amount. The future of the company depends on how much value is added year after year and what is done with the added value. The worker-leaders must be made to realise that job security and long-term prosperity of the workers are essentially dependent on the value added.

The second aspect that requires communication to the worker-leaders is the aspect of *competition*. National and international competition is becoming a part of our industrial situation today. In this situation, quality and productivity are the two things that can ensure the value added. If the quality is not maintained and productivity is not improved, the company will be in trouble.

The third aspect to be understood is *conflict management*. Conflict between the workers and the management is inevitable. The question is how the conflict can be managed. There are essentially two ways: one route is the "right/wrong, good/bad, win/lose" route where the workers feel that they are right and the management is wrong and this is because they are good and the management is bad and consequently there has to be a confrontation in which one wins and the other loses. There is an alternative three-step route which is much more beneficial to both the sides. This is the "empathy" route. The first step is understanding the thinking process behind the position held by the other party. The second step is to reach a compromise and third step is to create a situation of co-existence.

The most difficult unions to deal with are the militant types. To cope with them, managers have to play the power game

Depending on the environmental situation, historical background and the management's efforts, an organisation can have essentially three types of unions. The first is the *collaborative* union which is ready to collaborate with the management in every aspect — something like the Tisco union which is ready to accept the management viewpoint or at least consider it seriously every time there is a conflict.

The unions that are more common are the *confronting* variety. Here the union leaders are ready to take an aggressive position. Before each wage settlement, the union puts up a charter of demands. The demands are very often highly exaggerated. Negotiations go on for a long time and thereafter a compromise is reached. In this situation, there is invariably some degree of unrest. There may be a go slow and non-cooperation. However, after the settlement is reached there is peace for some time.

The third type of union is the *militant* sort. These unions are the most difficult to deal with because any compromises made with them or any concessions given to them are considered a sign of weakness. These unions also use violence to intimidate workers and managers.

How does the management deal with each type of union? The collaborative union, although apparently the easiest to get along with, is perhaps the one which poses the most problems. The union leaders have to collaborate with the management and at the same time retain their credibility with the workers. This means that the workers must be convinced that the management is doing its best.

Dealing with the confronting unions requires good negotiating skills and good public relations among the workers as well as in the community. This is necessary to ensure that whenever a conflict is going on, the management gets some sympathy from outside. If the management is able to achieve this, then the confronting union is perhaps the easiest to deal with.

The most difficult unions to deal with are obviously the militant ones. The more the management gives, more are the problems created in quality, productivity and discipline. This becomes essentially a power game.

POWER GAME

How does one play the power game? First one must understand what power is and how people get it. Power comes out of two main sources: the affinity group and the linkage. The affinity group deals basically with the extent the workers are ready to be "loyal" to the union leader. Many times the loyalty is obtained through the use of violence. If this is happening, the management must make efforts to create its own affinity group — particularly among the management staff. Many times there are problems with workers which are essentially a reflection of the management's problems with the management staff; the so-called trouble with the workers is a "battle by proxy" by the managers themselves. The first thing the management must do is to organise its own affinity group right from the first-level supervisor to the top management.

The second aspect is linkage. The workers obviously have their linkages. The unions have linkages with political parties and a lot of pressure is brought through those linkages. Many times the media is also ready to back the unions. In today's situation, the feeling in the community becomes an important part of the pressure that is exerted on both sides. The management is free to develop its own linkages with politicians, bureaucrats, police and the media and present its case as effectively as possible.

Then comes the demonstration of power. This is very important and union leaders are bound to demonstrate their power by seeing to it that the production process is slowed down or sometimes totally stopped. The management must put its efforts to see if, in spite of the union's efforts, some production can be maintained. In the case of a strike or a go-slow, if the management is able to maintain a reasonable production flow over a period, the morale of the workers comes down. This is where the militant union has to retreat. On the other hand, if the militant union is able to call all the shots, its power is demonstrated much more strongly. Thereafter the management has no option but to declare a shut-down under whatever name. In this situation, it is not possible to have industrial peace unless the management is prepared for an industrial war. Battles such as these are the proving grounds for the manager. But, contradictorily, his success in coping with unions is measured by the number of such fights he manages to avoid.

■ *Sharu S. Rangnekar*
The author is a former managing director of Searle (India) Ltd.

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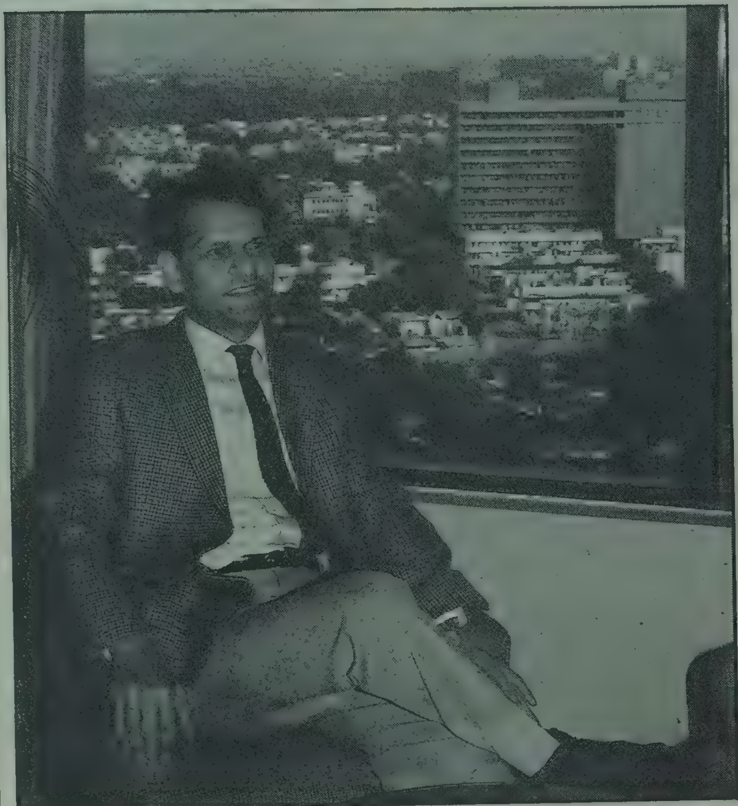
SOLITARY REAPERS

Angst? No. Wanderlust? Not quite. Then why would a young, upwardly mobile professional banker chuck up a plum job with a leading foreign bank or even a large Indian one for setting up shop on his own? For an answer, ask R. Sankaran. Or P.N. Vijay, or even Jayanand Govindaraj or P.S. Reddy. Or, for that matter, K. Gopalakrishnan and L.V. Sharma... The list grows.

All these gentlemen have one thing in common: they're all professional merchant bankers who've quit cushy, high-paid jobs at high-profile banks to do their own things. Sometimes alone, sometimes by teaming up with other consultants.

Merchant banking has always been an itinerant kind of profession, with frequent switches, pogo-stick job hops and meteoric rises flavouring many a career. Till recently, though, this merely meant banks (particularly the feisty foreign ones) bidding amongst themselves for scarce merchant banking managers. But while the job-hopping game is losing popularity (on the contrary, the excitement's increasing), the ballpark has begun to look a shade different.

With the capital market becoming more complex by the day, the needs of corporate clients are changing rapidly. Not surprisingly, professional merchant bankers have begun to realise that they too have to change. And that means getting more specialised and more involved with clients. "Corporations are now looking for much more than what big banks can offer them in terms of merchant banking services," says Sankaran, a professional who'd put in a 10-year stint with Standard Chartered (Stanchart).


VIJAY IS WHISTLING HIS OWN TUNE

Reasons for quitting. For Sankaran, the compulsions for quitting were simple. As executive director of Stanchart's merchant banking division, Sankaran says he found himself straitjacketed and bound in "golden handcuffs," at a time when the marketplace was getting more and more need-specific and where personal equations counted for a lot.

Sankaran realised that for servicing clients in such a scenario, one didn't need the umbrella of a large foreign bank. So he went solo, quitting Stanchart to set up his own firm, Ind-Global Financial Trust, early this year in Bombay.

But if Sankaran found his job at Stanchart too limiting, for Citibank's Delhi-based merchant banker P.N. Vijay the excitement had begun to pall. After a 17-year sojourn at Citi, Vijay felt the job was becoming too mechanical. Says he: "Every multinational corporation executive sooner or later gets that feeling ... he's a corporate soldier who has to march to the tune of the band." Vijay, on the other hand, wanted to whistle his own tune. So, like Sankaran, he set up his own outfit — P.N. Vijay Financial Services.

SANKARAN BROKE OUT OF HIS GOLDEN HANDCUFFS


Mid-life blues or the 10-15 year itch? It's not so simple. For professionals like Sankaran and Vijay, the urge to strike out on their own may have come close to the peaks of their banking careers, but for many others the bug bites even earlier. Take Jayanand Govindaraj, who in his early thirties was a vice-president at aggressive Citibank's Bombay headquarters. A plush job by any standard. But in November last year, Govindaraj, along with colleague P.S. Reddy, hung up his gloves at the bank and set up a retail stockbroking firm in Madras and Bangalore.

Marketplace changes. For the duo, the lure was similar. They were quick

Many merchant bankers are quitting cushy jobs to set up their own shops offering specialised services

to spot marketplace changes. Says Govindaraj: "Merchant banking worldwide is individual-oriented and not dependent on the institution." Clearly, he sees the same trend emerging in India. Already Govindaraj and Reddy have tied up with brokers in six cities. The logic: to build up a base of retail customers in the primary and secondary markets.

If Reddy and Govindaraj have chosen retail stock-broking as their mainstay, it's not by accident. Going solo also means going specialist. Says Sankaran: "Your strengths will determine what niches you'll play in." And that's what this new breed of merchant bankers is doing. Both Vijay and Sankaran offer personalised, custom-built packages of services to clients. Both their outfits offer clients a range of services: financial restructuring, project conceptualisation, mergers and acquisitions ... the works. Says Vijay: "The degree of involvement is high. We'd almost be equivalent to an in-house investment banker for our clients."

Ex-managers of foreign banks aren't the only ones in an adventurous mood. Take L.V. Sharma of State Bank of India (SBI). After a 21-year stretch at SBI, Sharma found himself as a manager in SBI Capital Markets, the bank's subsidiary. And despite the latter's powerful clout in the marketplace, career growth was stunted. "At the end of the day, one wasn't satisfied with what one was doing," says Sharma. So early this year, Sharma put in his papers and hopped on to a private company — Growmore Financial Consultants — as president of one of its divisions.

Like Sharma, Madras-based K. Gopalakrishnan grew tired of his top job as chief general manager at a nationalised bank and called it quits. He got into portfolio management, riding piggyback on his wife's membership of the Madras stock exchange.

Success, however, won't come piggyback, but that doesn't mean there won't be enough triers. Says Govindaraj: "I expect more and more people to go it on their own. I see a definite trend in people setting up their own outfits."

But odds against success are getting longer. Recently, the finance ministry proposed a norm which could come as a major blow to small merchant bankers. The ministry's proposal calls for a minimum paid-up capital of Rs 1 crore for merchant banks. "That," says a small-time merchant banker, "could spell disaster for us." This could nip in the bud the go-it-alone trend which is just emerging. While the government's concern is to make merchant banks more accountable and responsible, a side-effect could be that the small will be smothered.

SHARMA FOUND CAREER GROWTH GETTING STUNTED

■ *Sanjoy Narayan*

NEWS BRIEFS

■ In a bid to tighten the credit policy, the RBI has raised the **minimum margins** on bank advances against oilseeds and vegetable oils (including vanaspati) by 15%.

■ The existing policy for export-oriented units (EOU)s is being restructured. The **new policy** is expected in a month's time.

■ The **recovery ratio** of rural credit has dipped to between 3%-10% for most commercial banks after the centre's decision to waive all farm loans of less than Rs 10,000.

■ The RBI has advised scheduled commercial banks to develop a **separate cadre** of officials for their merchant banking subsidiaries.

■ The RBI has stopped the practice of allowing banks to deal indirectly in Central government **securities.**

■ The Centre proposes to rely heavily on **market borrowing** to fund the 50 selected growth centres. Of the Rs 30 crores planned to be spent on each centre, the Union government will contribute Rs 10 crores as equity. The remaining finance will come from the state government (Rs 5 crores), financial institutions (Rs 4 crores), and nationalised banks (Rs 1 crore). The remaining Rs 10 crores will be borrowed from the market.

■ The Shipping Credit & Investment Co. of India has advised the shipping industry to bring down the **debt-equity ratio** from 3:1 to 2:1. According to SCICI managing director S.C. Singhal, it is better to generate larger volumes of risk capital from the capital markets than debts, for financing purposes.

■ Commercial banks are proposing to pass on the **cost of processing** cheques to the consumers. The plan is yet to be okayed by the RBI.

■ The third Japanese bank, the **Sanwa Bank,** will start operations in India. The two other Japanese banks already operating in the country are The Bank of Tokyo and the Bank of Mitsui.

BETTER DEAL FOR US TIEUPS

Foreign collaborators have been shy of entering into technology transfer agreements with Indian companies due to the flat 30% tax on the gross royalty or technical services fees earned by them. This high rate is imposed under s.115-A of the Income-Tax Act, 1961.

A double taxation avoidance agreement is on the verge of being hammered out between the Indian and US governments whereby the rate of tax applicable to American collaborators will be brought down to just 15%. This will give a boost to American collaborations because generally the tax tab is picked up by Indian companies.

In the recent past, double taxation avoidance agreements have been entered into with other countries to soften the impact of taxation under s.115-A. For example, the agreement with France is intended to get over the provisions of s.9(1)(vii), with Article XVI of the agreement clearly providing that fees for technical services will not be taxable in India unless some activities are rendered in India.

Even where some activities are rendered in India, only the proportionate fees attributable to such activities in India are liable to tax. The agreement also provides that if at all any tax is payable in India, it will be on the fees after deducting expenses.

The double taxation avoidance agreements entered into by the government of India indicate that the provisions of the Income-Tax Act are not acceptable to foreign collaborators

Likewise, Article XIII of a similar agreement with Belgium stipulates that fees for technical services will be taxable in a country only to the extent to which such income is attributable to activities performed in that country. It has been further provided that in computing such income, a deduction of expenses will be allowed. Article XII of the agreement with Belgium is reproduced below:

"*Fees for technical services:* Income derived by an enterprise of a contracting state for technical services rendered to an enterprise of the other contracting state (is taxable) only insofar as such income is attributable to activities actually performed in that other contracting state. In computing such income, there shall be allowed as deductions the expenses incurred in that other contracting state in connection with the activities performed in that contracting state."

The only doubt arising from a reading of this article is whether only expenses incurred in India are to be allowed as deduction in view of the second sentence of the article or whether the sentence is merely clarificatory in nature.

This doubt can be resolved if the heading of Article XIII and the words of the preceding article are considered. The heading reads: "Fee for technical services." If the intention was to tax the gross fees after deducting only the Indian expenses, the article would have begun with the following words: "Fees derived by an enterprise of a contracting state for technical services..."

In Article XII, the words used are: "Royalties arising in a contracting state..." In other words, what is taxable under Article XIII is not merely the fee for technical services but the income derived from such technical services.

The word "income" has a very definite connotation in law and cannot be equated with gross receipts or gross fees. On the other hand, the words "income" and "profits" are almost synonymous and it has been held in several cases that income or profits should be understood in the natural and commercial sense.

Therefore, the word "income" used in Article XIII of the agreement with Belgium would have to be construed to mean the net technical services fees after deducting the expenses incurred in Belgium as well as in India. Hence, the salaries payable to technicians in Belgium would be deductible in addition to the other expenses incurred for providing designs, drawings, etc. to the Indian company.

As far as the second part of the article is concerned, it is merely clarificatory. It cannot be construed that this part of the article restricts the deductibility of expenditure to that incurred in India alone.

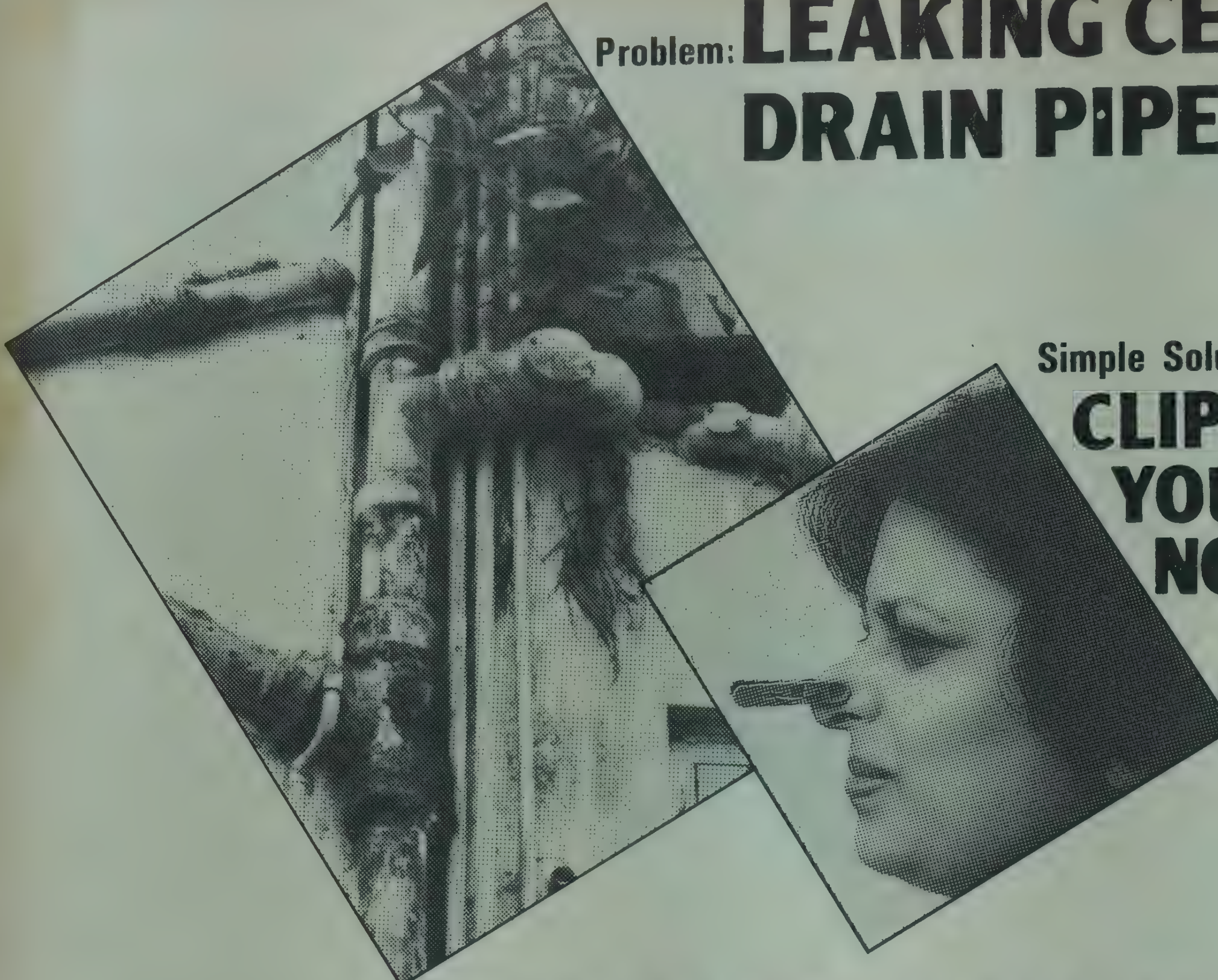
As stated earlier, the rate of tax applicable to fees for technical services and to royalties is 30% where some of the activities are undertaken by the foreign collaborator in India. Fees for technical services are defined by s.9(1)(vii) to mean consideration (including a lumpsum amount) for the rendering of any managerial, technical or consultancy services (including the provision of services of technical and other personnel) but does not include the consideration received for construction, assembly and mining (or similar projects) undertaken by the recipient or incomes of the recipient chargeable under the head "salaries."

In view of this, foreign technology is far more expensive in India than anywhere else and ultimately the higher cost of technology is reflected in the prices of the final product. Many foreign investors thus refuse to have anything to do with an Indian enterprise unless it is specified in the agreement that the tax on royalties will be borne entirely by the Indian party and that they will handle the tax authorities at every level.

It is clear from all the recent double taxation avoidance agreements that there has been a marked departure from the general provisions of the income-tax law governing royalties and technical knowhow fees. This itself indicates that the provisions of the Income-Tax Act are not acceptable to foreign collaborators.

■ *H.P. Ranina*
The author is a Bombay-based advocate.

Problem: **LEAKING CEMENT DRAIN PIPES**



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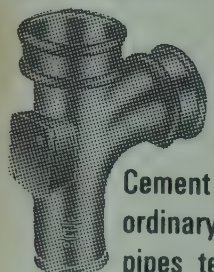

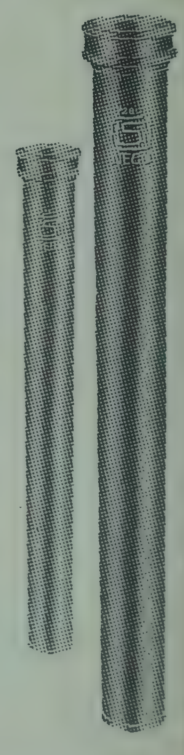

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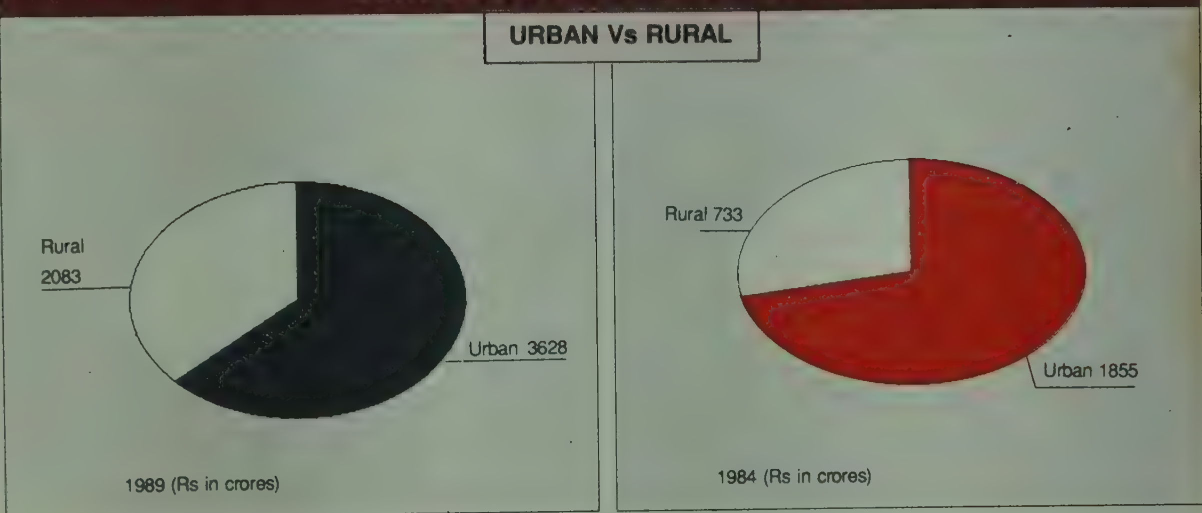
CONSUMER BOOM

The latter half of the eighties has witnessed a perceptible change in rural markets and lifestyles. The changes that swept the urban consumer in earlier decades have now taken place in the rural scenario. Consequently, there's been a boom in the rural market for consumer products. But although 78% of India's population lives in the rural areas, available data on rural markets is scarce, making it difficult to conduct in-depth analyses. The Operations Research Group (ORG) has recently done a review of trends over the five-year period 1984-89 to demonstrate the remarkable growth in the rural markets for consumer products.

CONSUMER PRODUCTS MARKET

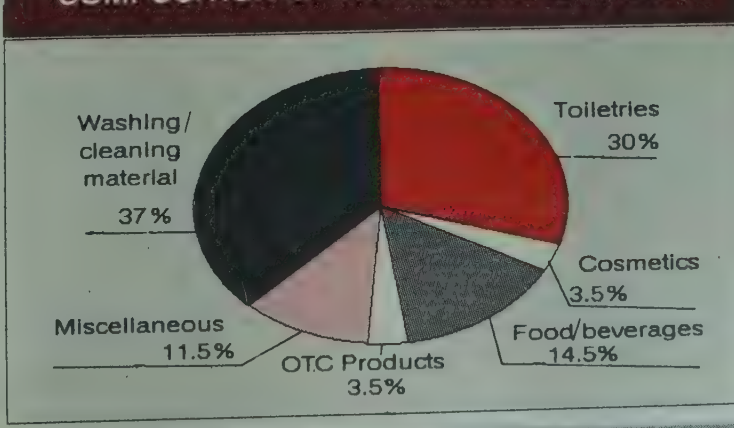


In its analysis, ORG has included products like washing/cleaning materials, toiletries, cosmetics, condoms, food and beverages, over-the-counter (OTC) products and miscellaneous items including torches, batteries etc. Given below is a summary of ORG's findings.

Boom all the way. The rural market for packaged consumer products has nearly trebled from Rs 733 crores in 1984 to Rs 2,083 crores in 1989, an impressive growth by any standard. During the same period, the contribution of the rural market to the all-India market has risen significantly from 28% to 37%, which means that the rural market is growing at a faster pace (see chart). The growth, which hovered around 17% till 1987, went up to 23.3% in 1988 and 41% in 1989, indicating that the boom is a continuous one and was more pronounced in the last couple of years. Moreover, it is remarkable that the market for consumer products was not so adversely affected during the drought years as might have been expected (see Table 1).

The National Council for Applied Economic Research's (NCAER's) data on consumption patterns of selected consumer goods reveals that the percentage expenditure on food in rural areas has declined between 1977-78 and 1987-88, which means that a higher proportion of income is now being spent on non-essential items.

COMPOSITION OF RURAL MARKET (1989)



North leads the four zones. The North zone, with a contribution of 28% to the rural market, leads the other regions. It is followed by the south (27%), west (23.5%) and east (21.5%). The south, which enjoyed the No.1 position in the earlier years, has been relegated to the second position. The contribution of different zones to the rural market during the last six years is shown in Table 2.

Spurt in demand for cosmetics. Demand for cosmetics registered a manifold increase in all the regions during the six-year period with the exception of the south, where cosmetics have been popular for quite some time (see Table 3).

Significantly, the east zone accounts for 30% of the rural demand for cosmetics, followed by the south (25.5%), north (23%) and west (21.5%). Also significant is the fact that the share of cosmetics in the rural market has gone up from 2% in 1984 to 3.5% in 1989. Apparently, the steadily rising expenditure on advertising of cosmetics in the press and TV has not gone waste.

Changes in preferences. Washing/cleaning materials continue to be the single largest category of consumer products accounting for as much as 37% of the rural market. While detergents and washing powders gained in popularity by registering a near four-fold increase, the fortunes of soap cakes/bars are on the wane. The latter's share in the washing materials market declined from 78% in 1984 to 48% in 1988 while that of detergents and washing powders went up from 15% and 12% in 1984 to 28% and 24% in 1988 respectively. The fact that a similar trend is visible in the urban markets as well strengthens the belief that the rural and urban markets are moving hand in hand.

TABLE 1: ZONEWISE AND YEARWISE GROWTH OF CONSUMER PRODUCT MARKET

(% growth over previous year)

Zone	1985	1986	1987	1988	1989
North	8.8	11.4	24.6	31.6	28.9
East	19.7	21.6	12.4	28.0	42.2
West	19.6	19.8	28.4	30.8	38.9
South	27.4	19.5	7.2	5.5	56.6
All-India	18.5	17.7	17.4	23.3	40.8

TABLE 2: ZONEWISE CONTRIBUTION (%) TO RURAL MARKET (1984-89)

	North	East	West	South
1989	28.0	21.5	23.5	27.0
1988	30.5	21.2	24.1	24.2
1987	28.6	20.4	22.8	28.2
1986	26.9	21.3	20.8	30.9
1985	28.4	20.7	20.5	30.4
1984	31.0	20.5	20.3	28.2
Population distribution (1981)	29.8	24.9	21.2	24.1

TABLE 3: PERCENTAGE GROWTH IN RURAL DEMAND (1984-89)

(%)

Product category	North	East	West	South	India
Washing/cleaning products	162	159	201	185	175
Toiletries	165	148	316	216	213
Cosmetics	400	610	532	202	385
Food/beverages	120	272	201	102	148
OTC products	90	256	202	200	167
Miscellaneous	150	183	244	136	168
All	156	198	179	112	184

TABLE 4: ZONEWISE CONTRIBUTION TO DEMAND 1989 (%)

Product category	North	East	West	South
Washing/cleaning material	33.0	20.4	26.2	20.4
Toiletries	23.5	25.0	19.5	32.0
Cosmetics	23.0	30.0	21.5	25.5
Food/beverages	21.0	15.0	30.5	33.5
OTC products	27.7	21.5	17.8	33.0
Miscellaneous	32.8	20.7	21.0	25.5
Total	28.0	21.5	23.5	27.0

TABLE 5: TOP FIVE CONSUMER PRODUCTS IN RURAL MARKET AND THEIR OFFTAKE (1989)

	(Rs crores)
Popular toilet soaps	408
Washing soap cakes/bars	311
Detergents	239
Packaged tea	214
Washing powders	206

TABLE 6: CONTRIBUTION OF RURAL MARKET TO ALL-INDIA MARKET (1984 & 1989)

(%)

	1984	1989
Washing/cleaning materials	36	46
Toiletries	29	37
Cosmetics	9	17
Food/beverages	21	25
OTC products	29	34
Miscellaneous	35	50
Overall	28	37

Toiletries get more popular. Toiletries account for about 30% of the rural market. The south, with nearly 32% of the toiletries market, occupies the top position, followed by the east (25%), north (23.5%) and west (19.5%). Included in the category of toiletries are toilet soaps, shampoos, shaving products, toothpastes and toothpowders.

The toilet soap is the most popular and widely used consumer product in rural areas. It accounted for a whopping Rs 408 crores of the rural market in 1989 (see Table 5). The share of premium soaps has gone up from 8% in 1984 to 13.7% in 1989, indicating a shift in the preferences of the rural consumer from the less expensive to the more expensive, and from the less appealing to the more appealing.

The share of the rural market in toothpaste and safety razor blades registered an impressive growth. While the rural market accounted for 13% of the toothpaste and 36% of the safety razor blades markets in 1984, it went up to 21% and 50% respectively by 1989. Shaving rounds continue to be more popular as compared to shaving creams, while shampoos are still predominantly urban oriented and are yet to penetrate rural areas. The contribution of the rural markets to the all-India market of these products is shown in Table 6.

Low penetration of food/beverages. Rural India accounts for only 19% of the demand for packaged food/beverages. The market, which was sluggish till 1988, showed an upswing in 1989. Packaged tea is the most popular product in this category, accounting for over 70% of the food/beverages market in all zones except the east. Coffee continues to be an urban preserve. Consumption of packaged coffee is practically negligible in the north and east, while it is significant in the south. The penetration of milk beverages, which are primarily targeted at the urban consumer, is very low (8%) in rural areas.

Good demand for OTC products. Rural markets account for 30% of the all-India market for OTC products. While rubefacients account for 30% of the OTC market in rural areas, glucose powders and cold/analgesic tablets account for 23% each.

Increased popularity of condoms. The demand for condoms has caught on in the rural India in the recent past. While the retail level demand in urban market has gone up by only 46%, that in rural India has registered a well over two-fold increase. This is apart from the consumption outside trade channels. In 1989, rural India accounted for about a third of the all-India offtake of condoms through retail outlets.

Conclusions. An exercise of this nature can never come up with definitive observations. Nevertheless, on the basis of empirical evidence, it can be observed that the boom in the rural markets is not merely with respect to consumer products — as is evident from this study and other studies on consumer durables by ORG and NCAER — but also in the larger context of the economy and the market.

The growth in the rural population and the continued emphasis of the government on rural development will sustain and further strengthen the boom in the decades ahead.

(Excerpted from an ORG monograph.)

EXTRA TIME

Strange, but true. At a time when advertisers in the western world are up against the wrath of consumer activists protesting against the intrusiveness of advertising into people's lives, our own Doordarshan (DD) is moving in the opposite direction. DD, if recent press reports are right, appears to be toying with the idea of scrapping the 30-second time limit on TV ad spots. This follows a high-level committee's recommendation to the authorities.

If implemented, this could mean extra long commercials on TV. The logic behind the move is to minimise ad clutter before TV programmes. While consumer activists in the country are yet to take note of DD's latest thinking, it might be interesting to note that even in the US, that great paradise for advertisers, TV ad spots are restricted to a maximum length of one minute.

DD, perhaps, believes that there are built-in controls in its system. Namely costs. At current rates, a 30-second prime time spot (say, before Mahabharat) sets the advertiser back by a whopping Rs 2.10 lakhs and a one-minute spot would cross the Rs 4-lakh mark. Small wonder that in 1989 TV advertising accounted for more than Rs 300 crores of the total Rs 1,200 crores spent on advertising in the country.

But high costs don't seem to deter advertisers. With DD's new move in the offing, multinational PepsiCo is already readying for two-minute spots for its cola drink launch. The irony: Pepsi can't use spots of that length in its home country even if it wants to.

OH BOY!

Having plugged multinational titan Hindustan Lever twice in the eye — once with Nirma and then again with a detergent cake — Karsanbhai Patel's become bolder. He's launched a new toilet soap called Nirma Boy.

A lookalike of Lifebuoy, Lever's century-old hotseller, Nirma Boy has also used the Lifebuoy colours — red, white and yellow — for its packaging. Enough for Goliath Hindustan Lever to see red and slap a legal notice on Nirma charging the company with infringement on Lifebuoy's trademark.

LIFEBUOY AND ITS LOOKALIKE BOY

For Lever, the stakes are high: Lifebuoy at last count sold 1.10 lakh tonnes, making it the world's largest selling toilet soap. Clearly, Lever can't let Nirma get away with its latest swipe.

But packaging isn't the only similarity between Nirma's new boy and Lifebuoy. The soap has the same looks as Lever's and even smells the same! That's not all. While every Lifebuoy package carries the legend: "For health," Nirma Boy has countered this with its own variant: "For healthy bath." Predictably, Patel's priced his new soap (at Rs 3.25 for a 150 gm cake) quite a bit lower than Lifebuoy's Rs 4.25 and a fresh combat seems around the corner. That is if the judges give Patel the go-ahead.

Now doesn't this bring back memories of a similar David-Goliath bout? When Balsara Hygiene Products launched its (now popular) Promise toothpaste. At the receiving end then was Colgate-Palmolive which was up in arms against Promise's colours for its packaging. Indeed, Balsara had to retract its move and change the toothpaste pack. Will Nirma have to do the same?

ENTER THE HOLOGRAMS

Citizen Watches does it. Visa and Mastercards do it. And now an Indian company's doing it for the first time. Doing what? Using holograms to check product counterfeiting and piracy.

Holograms are printed on a special kind of non-duplicatable polyester film. "The plant to print holograms itself costs US $3 million and the process is too cumbersome for anybody to dare venture into duplicating labels," says J.P. Shad, executive director of Prasanti Marketing, a Delhi-based outfit which has introduced holograms in India. The image (or the logo of the company) to be transferred to the hologram is first carved out and then photographed by 90 laser cameras placed at different angles to produce one master stamping. Through this, the holograms are reproduced on polyester film. Since the photography and reproduction is done from different angles, a 3-D image is formed with colours which change depending on the angle from

A HOLOGRAM OF PEGASUS


THE EARTH IN 3-D: ANOTHER HOLOGRAM

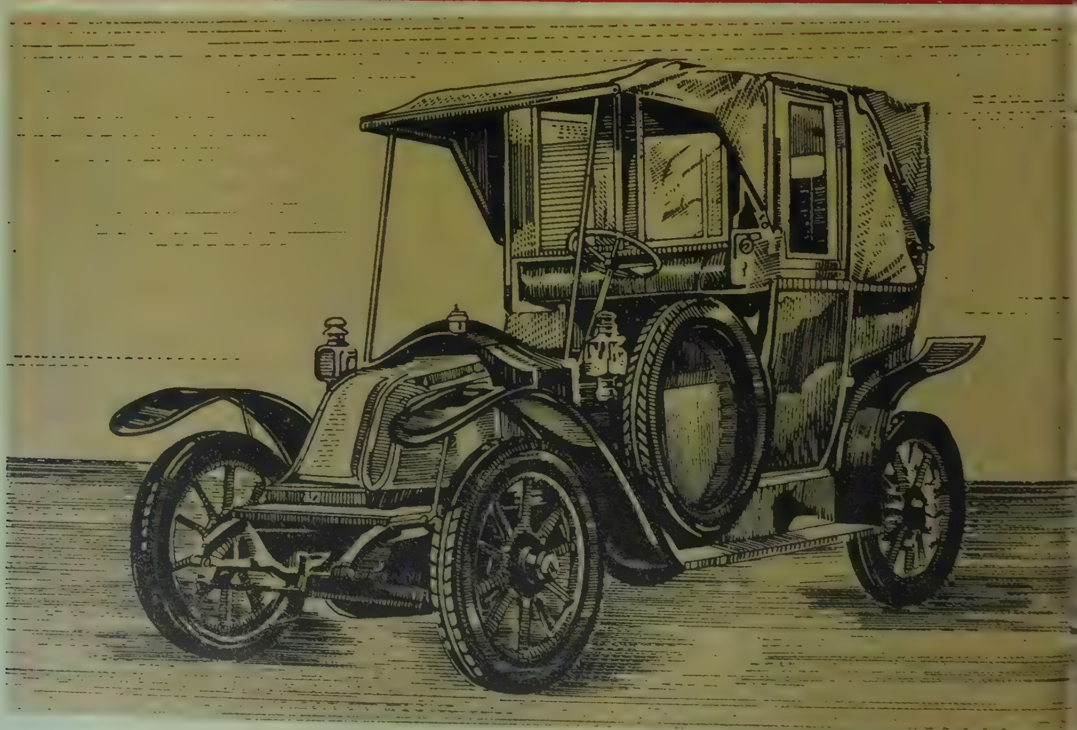
which the label is being viewed.

And the costs involved are not much. A hologram the size of a 50 paise coin would cost just Rs 1.50 per piece. "This is after paying an exorbitant import duty of 195%. I am sure once it comes into use the government will bring down the duty as it will help them increase excise duty collections since companies will be willing to produce more dutiable goods," contends Shad. Since holograms are also of frangible kind, their transfer is also not possible from one pack to another. Citizen watches, as a matter of fact asks buyers to look for its holograms behind every watch to verify authenticity.

But what about low-cost products? Shad has an answer for this. "Cutting and printing a particular logo on each piece of hologram costs money. If a continuous sheet is printed with some words or name and produced in large quantities, the cost for half a square inch could be brought down to around 25 paise. We are talking to the ISI (since renamed as Bureau of Industrial Standards — BIS) people to make it compulsory for electric bulb manufacturers to use holograms."

Prasanti Marketing, which has tied up with American Bank Note Holographics of the US, has also had talks with Madras-based Carburettors Ltd., which is likely to become the first company in the country to use holograms. Discussions are on with another dozen companies. "The problem is that we are taken as the sellers of holograms though we are actually providing consultancy with guaranteed results," says Shad. If the concept takes off, Shad will have to tackle another problem — counterfeiting of his own labels. Metallised films with looks similar to holograms were being sold at the recently-concluded India International Trade Fair. For a layman, these two different films would look same, unless he takes a closer look. A user would have to educate the consumer first about what a hologram is and how to detect fake products before hoping to curb duplicates. And that could mean a mega publicity budget.

THE CHANGING FACE OF PROGRESS



– is especially rapid at Gajra Bevel Gears.
New growth – new thrust – new diversification

HOT SELL

It was a bonanza worth celebrating with a bonfire. Fireproof goods' manufacturers never had such a gala time before to sell their wares. First, Bombay's Oberoi Towers, then Delhi's Vigyan Bhavan, Nirman Bhavan and Shastri Bhavan apart from numerous *jhuggi* clusters were gutted in devastating fires. And all within a span of a fortnight. Manufacturers were quick to cash in on the new opportunity.

Since a false ceiling was reportedly the main culprit behind the Vigyan Bhavan fire, this was how India Gypsum's ad copy ran: "How to build ceilings and partitions that can fight fire." The company added that the gypsum in its particle boards made them fire retardant.

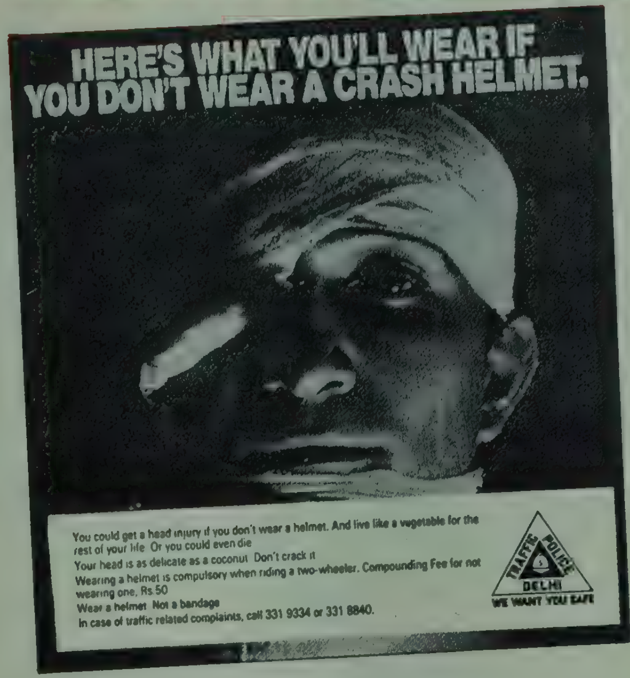
Universal Cables pushed its Unistar cables by announcing: "Save life ... avoid fire risks due to short circuits," while other cable manufacturers also chipped in. The surprise miss was Ceasefire, a small fire extinguisher meant for homes which was launched with a splash recently. Perhaps the company had already spent its budget in the product launch blitz!

DRIVING IN FEAR

Stunners. That's what they're meant to be. Delhi Police's ad campaigns became noticeable some time back. With straight messages and simple monochromatic visuals. This time around, Speer, the Bombay-headquartered agency which handles the account, has done a new series for Delhi Police's traffic wing.

The small-sized ads are powerful. Enough to force people out of their lethargy to pay attention to civic courtesies. Says Sajid Peerbhoy, Speer's chairman: "The ads hit people where it hurts. Their vanity." Sample this one: "Here's what you'll wear if you don't wear a crash helmet." That's meant for two-wheeler riders and the copy continues: "Your head is as delicate as a coconut. Don't crack it."

Powerful enough?



DELHI POLICE'S NEW CAMPAIGN

It takes a lot to be a pioneer, a leader. Determination. Technology. Obsession with excellence. Gajra Bevel Gears has it. Making it a leader in gears in India. Plus a reputation in 37 countries abroad. Now gearing up for globalisation with a whole new thrust in overseas markets.

Gajra Bevel Gears is committed to the drive towards expansion and globalisation. An ambitious Rs. 12 crore expansion and modernisation programme will widen its horizons – boost capacity from 2500 tpa to 6300 tpa. Yes, Gajra Bevel Gears surges ahead – setting the pace with the changing face of progress.

GAJRA BEVEL

Gajra Bevel Gears Ltd., Dewas
M.P. 455 001

BANKING ON A NAME

Brand extension *ad infinitum* is often held up as an example of lazy marketing. But, done properly, it can be a very effective strategy. Procter & Gamble (P&G) India is an example of a company which has used this tactic with a good measure of success.

Slowly but surely, over the years, P&G has shown a decisive shift towards brand extensions moving gradually away from its hallowed strategy of promoting strong competing brands. How has P&G been able to make a success of brand extensions? And, in a broader perspective, when do brand extensions make sense and how do these work?

The past decade has witnessed a phenomenal proliferation of brands in the marketplace both in India and abroad. With the markets getting increasingly segmented, brands have to fight it out more aggressively resulting in multiple brands as well as advertising clutter. This also means that for a brand to be noticed among the clutter, more money power is needed for promotions than ever before. This has resulted in brand-creation costs going through the roof. No longer is it possible to effectively build up a brand without a colossal resource commitment. As opposed to this, line extensions offer many advantages. Consider:

- New brands can build up on existing brand goodwill. A ready platform exists for the new brand.
- Costs of brand promotion are significantly reduced. Cheaper measures like point of purchase (POP) displays can prove to be very effective for line extensions.
- Consumer association with the existing brand helps boost the brand extension's sales as the same benefits are perceived from the extended brand as the old brand. If this is the case, why not go in for brand extensions all the time? The truth is that brand extension is a tricky game. The history of brand extensions is littered with quite a few megaflops. P&G offers an interesting case study in how to do things right.

BRAND EXTENSION HAS WORKED FOR P&G

Internationally, P&G has introduced, among others, extensions of its Crest and Tide brands. Crest toothpaste has been extended to Crest tartar control and Crest for children. Tide is also available as a liquid detergent. Closer home, P&G (formerly Richardson Hindustan) is a past master at this game. All its brands have been extended into highly successful products.

When does brand extension work?

- First, the basic brand must be strong; a weak brand can never support an extension. All of P&G's brands — Vicks, Clearsil and Oil of Olay — are very strong in their positioning.
- Next, the brand extension has to fit in the target audience of the old brand. Vicks Action 500 and Vicks Inhaler cater to the same people who use Vicks Vaporub for combating cough, cold and headache.
- The brand extension has to deliver a similar kind of perceived benefit as the old brand to make it a real success —Vicks Herbal and Vicks Blue are throat soothers like Vicks Coughdrops.

Even after all these, what remains is identification of the segment. Research can help. In P&G's case, research showed that people consumed Vicks Coughdrops even without suffering from cough or an irritated throat. This led to the launch of Vicks Herbal and Vicks Blue — both clear winners.

Marketing savvy also helps. For instance, P&G had introduced Clearsil Cleanser, a liquid to remove excess oil and moisture from the face. To ensure that the consumers' association of the Clearsil brandname with pimples and acne cure jelled with the Cleanser's utility, it was offered as a give away with Clearsil cream. Once the association rubbed off, it was marketed as a stand alone product.

Sometimes, a segment offers itself for exploitation. Oil of Olay, a liquid and another P&G brand, is now being sold as a cream too so as to retain and attract customers who perceive Oil of Olay's promise of a younger skin but prefer creams to liquids.

R&D also plays a part in this game. P&G has recently introduced Vicks Vaposyrup — a cough syrup targeted at kids — which it claims is an ayurvedic product of its own R&D which has been perfected over the years. The segment of a cough syrup was so far occupied in P&G's portfolio by Vicks Formula 44 — a product which P&G stopped marketing after years of indifferent sales.

However, all is not so rosy. Despite its marketing prowess, P&G has had its share of bloomers. A fine example of how consumer association of the benefits of the old brand with those of the extended brand can boomerang is Clearsil Soap. Introduced with much fanfare as a soap for oily skin, the association of the soap with Clearsil's pimple and acne curing image proved its undoing. Consumers using Clearsil bought the soap but others refrained. This severely restricted the market — a sure disaster for a product like soap. The result: P&G has stopped marketing Clearsil Soap. Another brand that didn't make it is Lilt Premium — a P&G International product.

Brand extensions beyond brand image and logical limits can weaken the original brand positioning. A case in point is Kraft. Internationally, Kraft has extended into such diverse fields that it is no longer identified with one product or one range of products.

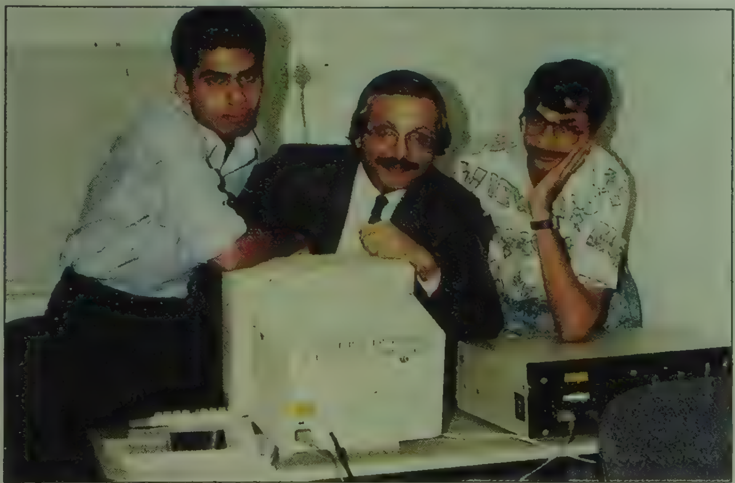
On the whole, brand extensions work well. But to make them work marketing savvy, strong brands, plenty of research and a little bit of luck are needed.

■ *Mehool Parekh*

The author is partner in a Bombay-based management consulting firm.

VIRUS BUSTERS

The proliferation of computer viruses has led to the emergence of a new genre of computer professional — the virus buster. And it's none too early. Viruses have spread their tentacles to many a computer resulting in costly loss of painstakingly compiled data. "No computer user can be absolutely sure that his machine is free of bugs today," says Vijay Mukhi, the founder of the three-month-old computer training institute bearing his name — Vijay Mukhi's Computer Institute (VMCI). "And that's where our virus fighting team — the VMCI flying squad — comes in."



SHETTY (L), MUKHI & SHAH (R) ARE RARING TO GO

Consisting of two *wunderkinders*, Tilakraj Shetty (22), director-R&D, VMCI, and Apurva Shah (20), a final year engineering student who's freelancing with VMCI, the squad's expertise is available at the beck and call of computer owners. Says Shetty, "Any time of the day or night if you contact us, we'll be there." Adds Shah: "There's not one virus we can't crack — Jerusalem, Marijuana, Raindrops, EB21, Printscreen, you name it, we can rid your machine of it."

The customer obviously has to pay a price: Rs 1,000 per machine cured of any virus. And for those looking for training at their end, the sticker price is a sweet Rs 5,000 per day. These rates are for Bombay alone; if the problem is outside this city, extra has to coughed up for travelling and other expenses. Besides these facilities, VMCI also has an in-house five-day course which imparts the basics of virus fighting to individuals at a cost of Rs 1,600.

Big zero. According to the trio, available computer virus vaccines become a big zero when they come across a new virus or a strain. " For us, however, this is no problem because we know what makes both computers and viruses tick. And no matter what computer gurus say, in our eyes, we look at viruses as just two types: boot sector viruses and .exe and .com viruses. With this viewpoint we find virus treatment easier," says Shetty.

The virus busters have already managed to bag about 80 jobs since they launched the service sometime back. And their customer list includes ITC, Ion Exchange, Crompton Greaves, Dadajee Dhackjee, besides others.

VMCI has not restricted itself to being just a doctor-cum-surgeon for virus control. The institute also offers training courses for both students and professionals in C, dBase IV, Novell Netware, Oracle VI, Foxpro etc. Then there is the Azure card, under which a person pays Rs 17,500 as a downpayment and is entitled to sit for every course launched by the VMCI over three years. "The difference in our courses is that we don't believe in blackboard training; our courses are flexible; we teach the latest releases of software; and the atmosphere is very informal," says Mukhi. But isn't that a claim every computer training institute is making these days?

SHIFTING FOCUS

His has been a colourful career in more senses than one. G.M. Singh Nindrajog has made his mark in the photography industry by setting up a chain of quick processing QSS-Lazor photofinishing labs. He has thus brought colour photography, once a rich man's privilege, to the common man's home.

But now, the chairman of the Rs 19 crore Bombay-based GMS group is eyeing new landscapes to conquer: real estate and four-star hotels. Says Singh, "Photofinishing business is growing, but not fast enough. An organisation should look always forward to growth and what can make it more profitable. And these are two areas where I think we can go places."

In the developing tray is a Rs 350 crore residential-cum-commercial complex to be set up over a 100 acre plot in Bangalore, under a company styled GMS Construction Co. Pvt. Ltd. Also being processed are two four-star hotels costing Rs 9 crores each to be kicked off in Bangalore and Indore under another outfit, GMS Hotels Pvt. Ltd. Says Singh, "The hotel project is currently in the local authority approval stage, but that should come through in about two months. And I see the hotels opening to the public in round about two years' time."

Roaring business. An automobile engineer by qualification, Singh was in Iran for 14 years dealing in commodities like rice, sugar, spices and fruits. But when the Iran revolution hotted up, he hotfooted it back to India as an NRI. On one of his earlier jaunts to

West Germany he had come across a Noritsu photofinishing machine at a photo fair and intuition had told him that it would translate to roaring business in India. Which it did. When he set up shop in 1982 at Worli in Bombay, he expected to process 150 rolls per day. " But the response was fantastic," says Singh. "400 colour rolls rolled in each day."

SINGH SHOULD GET THE PICTURE RIGHT

Since then business has been brisk. Currently, his QSS-Lazor operations spin out nearly 3 lakh prints a day. He is represented in 20 cities with 1,620 collection centres and 33 machines installed. Turnover has grown on an average 80% per annum to touch Rs 16 crores in the year to December 1989. (Nindra International, a group company exporting commodities and engineering goods, contributes around Rs 3.2 crores to the group's kitty.) And Singh has chalked out plans to make a further push into the Rs 250 crore photofinishing industry. April saw the launch of the Lazor card which is given free to customers on their placing two developing and printing (D&P) orders. Along with the Lazor card come goodies like discounts on D&P orders to holders. Says Singh, "Centres for guiding cardholders on photography techniques will also be opened sometime in the future."

The professional photographer is very much part of his picture for growth. A new service styled Prolab, which will basically offer professional quality reproductions, has been set in motion at his Worli unit.

"My aim is to generate a greater interest in photography. And I'd like more competition to come in. For that will give me the impetus to go one up on it," says Singh.

He already has something giving him the impetus: a turnover target of Rs 150-175 crores he has set for 1992. And going by his past record, he should get a perfect picture.

BRANCHING OUT

The Bangalore-based Prakash Roadlines group, with interests in road transport, hire-purchase, leasing and courier business, is making a foray into electronics. In an oblique fashion. The group has so far invested Rs 5 lakhs as equity in a joint venture company, Keonics Penta Semiconductors, and will be managing it.

Keonics Penta was started as a joint venture between the Karnataka State Electronics Development Corporation (Keonics) and two technocrats, V.S. Candade and G.S. Savoor, both formerly senior executives with Bharat Electronics Ltd. (BEL). The firm was to put up a plant to make TO-92 electronic devices, widely used in professional and consumer electronics.

Funds paucity. The Keonics Penta project, though, could not get going apparently because the technocrat-promoters could not marshal the required funds. So, they approached Prakash Leasing, which was looking for profitable areas of diversification. Now, at last, things are moving.

The plant is expected to go on stream in the next eight months at a site in the Keonics Electronics City (near Bangalore). The production capacity: 100 million pieces per annum.

Meanwhile, Prakash Leasing has put up a good show in 1989-90, the results for which have just been declared. Total income has gone up from Rs 130.75 lakhs in 1989 to Rs 187.77 lakhs and profit after tax (PAT) has risen to Rs 31.75 lakhs from Rs 27.77 lakhs. According to chairman M.P. Wadhwan, the PAT would have been higher by Rs 6 lakhs but for the heavier income-tax burden. However, the recent abolition of s.115J of the Income-Tax Act is expected to positively influence the company's profits.

Though called Prakash Leasing, the company is more into hire-purchase than leasing because, as Wadhwan puts it, there is more profit in the former. That may also explain why the group is going into electronics — an area which many have described as tomorrow's goldmine.

Prakash Roadlines has obviously identified the road to success.

ADDING A STRAND

Mukesh Jain is all set to break the duopoly of J.K. Synthetics and Indian Petrochemicals Corp. Ltd. (IPCL) in acrylic fibre: his baby — the Rs 125 crore Pasupati Acrylon — is to begin commercial production in July this year. This company is incidentally, the latest and most capital-intensive project of the Rs 400 crore turnover Jain group which has interests in the steel tubes, paper and textile in-

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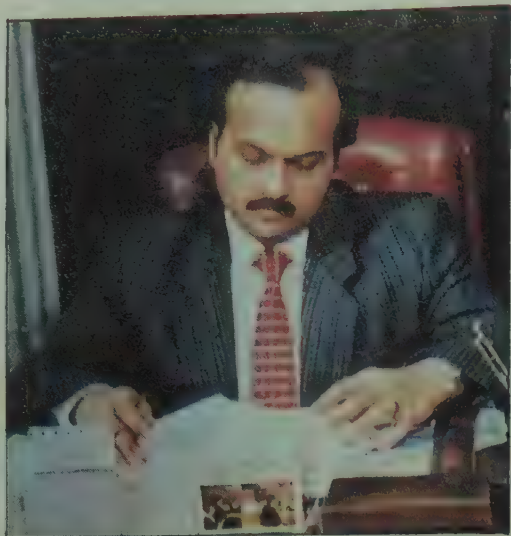

JAIN SEES NO GLUT

dustries.

Jain claims that he is assured of success from day one. "We will be able to achieve 100% capacity utilisation in the first year itself and generate enough profits to pay dividend for the year ending March 1991." The expected turnover in the first year is Rs 100 crores.

Oversupply. Jain is not worried about the large fresh capacities coming up in the industry. Till now J.K. Synthetics and IPCL have been producing 20,000 tonnes each against an estimated demand of around 60,000 tonnes. While Pasupati will chip in with 20,000 tonnes from 1991 after expansion, two more companies will be commencing production in the same year. These are Indian Acrylic (Steel Strips group) and Consolidated Fibres (Goenka group) having a capacity of 12,000 tonnes each. Thus the supply will jump to 84,000 tonnes from the present 40,000 tonnes.

But Jain dismisses all talk of over-supply. "There will not be any glut since a huge untapped potential exists in the country," he explains. "Till now there was a 'quota' system prevailing in the market as import of the material was also limited because of high landed prices. Hence the market or the demand never developed. All we have to do is to develop a new market to ensure that the entire product is absorbed in the domestic market."

But what if a couple of more companies who have announced their intention to jump in the fray actually do so? "Unlikely," says Jain. "Even if there are any new entrants, the project costs will be too high for them to compete with the older manufacturers. Today a new plant of Pasupati's size will cost at least Rs 200 crores." He, for one, thinks he is sitting pretty. The market may, however, decide otherwise.

WINDS OF DIVERSIFICATION

Fans are not fanning up growth fast enough. So the Polar group is busy diversifying into condoms, marble, paper and other areas. The aim is to boost group turnover in two years to Rs 100 crores from the current Rs 50 crores. "And this growth in new areas will be just a runway for a real takeoff in the future," says Polar group managing director Anil Agarwal.

AGARWAL HAS BIG PLANS

Starting from a production base of 5,000 fans per annum, Polar today sells 12 lakh units a year. It is No. 3 in the industry after Usha and Orient. Against a 15% negative industry growth in 1989, Polar was able to push up its sales by 7% and it hopes to outsell every other brand in another two years. "Our growth has been 35-40% a year, which is not possible in fans now and hence new projects," says Agarwal.

Smaller projects. Thus around Rs 12.5 crores have been pumped into three new companies — Polar Chem Coats, Heynen India and Polar Forgings — all of which have recently begun commercial production. While Polar Chem Coats is manufacturing specialised coated papers, the other two companies are 100% export oriented units producing industrial tools. The turnover from these three units is expected to be Rs 20 crores a year.

These are actually the smaller projects. The major investment of the group will be in marble and condoms. Involving a capital outlay of Rs 10 crores, Polar Marmo Agglomerates set up under technical knowhow from Breton, spa of Italy, will churn out 4 million square metres of marble slabs using marble waste. "Many marble mines have been closed down because of the piling up of waste and it is available aplenty in the country," says Agarwal. Since the company is assured of almost free supply of marble waste from the marble mines in Rajasthan, where the plant is being erected, excellent profitability is assured. At full capacity utilisation this unit is expected to have a turnover of around Rs 25 crores. Commercial production is expected to begin in the third quarter of 1991.

The other big project is Polar Latex which involves an investment of Rs 10 crores. Set up in the joint sector with the Industrial Promotion and Investment Corp. of Orissa, the turnover from this company is expected to be around Rs 15 crores per annum.

It all adds up to a sizeable sum. Unless there are unexpected hitches, Agarwal shouldn't find his Rs 100 crore target all that difficult to achieve.

(Contributed by Anil Wanvari, N. Raghavan & Shashi Shekhar.)

BEYOND 301

The United States' move in naming India as an unfair trader under its Omnibus Trade Act is ironical indeed. By singling out India as an offender under "Super 301," the United States trade representative was, in fact, looking at the world in a very narrow sense. For, if one really wanted to identify unfair traders, there would be a long list of countries, including some in Europe and the Far East.

But the US' "tube vision" notwithstanding, India should take a look at its own house with wider eyes. Indian has protectionist instincts and it *is* an unfair trader. It has an oppressive economic regime. The country, which is fond of crying foul and tilting against the "protectionist tendencies" of developed countries, practises the same with vengeance. It has erected barriers to outsiders which would do a paranoid nation proud.

But the paranoia on the external front is an outcome of the domestic economic policies pursued. The country's politicians have managed to tie up industry in every possible rule. It has excluded private initiative from a number of fields, thus breeding inefficiency, shoddy service, waste and stagnation.

LACKING CONSISTENCY

Those who argue that a country of "this size," or a country of "this nature" cannot "afford" to have a free market would, if the country had been run as a dictatorship, have argued that India could not "afford" to be a free country. Freedom, political or economic, cannot be the monopoly of some groups of people.

Coming back to Super 301, the point is the United States is India's largest trade partner. It can hurt this country's exports if it starts imposing sanctions. True, the US move lacks consistency and an even-handed approach, but can India expect all its exports to be welcomed in other countries without allowing its counterparts an entry here?

The bitter truth is that India has to set its house in order. A plethora of rules has sapped the energies of India's private sector, turning a large number of companies into a bunch of junkies dependent on government doles, whether in the form of subsidies or privileged treatment of one sector or the other. Since companies have not been allowed to compete in the marketplace, many of the problems that afflict the public sector have a reflection in the private sector too. Thus a large section of the private sector itself has developed a vested interest in the status quo. This section would not want efficient newcomers to come in and is loudest in protesting against "liberalisation" moves.

India needs to open up its economy not for the Americans or the Japanese, but to benefit Indians themselves

India's bankrupt economic policies and its consequent siege mentality have resulted in a currency which cannot stand on its own in the world markets. The rupee has been plundered of its value by politicians who said they wanted to protect the economy from being clobbered by outside "exploiters."

What then should be the appropriate Indian response to the US action? First, it should *not* negotiate. Issues of freedom are not negotiable. Instead, the country should start taking measures to free the Indian economy from the cobwebs of control. It should first open up the areas where the private sector has not so far been allowed to enter. The millstones around the nation's neck — the socialist mausoleums called the public sector — should be slowly removed by privatising most and closing down those beyond redemption. The government should get out of the economic lives of its citizens.

REMOVING SHACKLES

Slowly, as the internal chains are broken, the need for external barriers will go. The paranoia will be replaced by a strong, confident nation ready to take on any other country in the marketplace. It will remove the mental shackles put in place by decades of a world view obtained from behind socialistic prison bars.

Even as the first changes start taking place, there could be a sea change in the outlook of the nation. Instead of the resigned, cynical attitude which best describes the state of mind of most Indians, there would be hope, and a will to do better. That would be the real turning point in the use of "human resources" that politicians are so fond of talking about.

The US, which wants to open world markets "with a crowbar, if necessary," should be stopped from dictating terms to India. The country should not give in fearing sanctions and negotiate under threat. It is not worth doing the right thing for the wrong reasons. Opening up the economy is not for the benefit of the Americans, or the Japanese or the British, but for Indians themselves.

■ *Hardev S. Sanotra*
The author is a Delhi-based financial journalist.

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Concept

SECONDARY MARKET

SPOT CHANGES NEEDED

For excessive speculation, the market authorities have a stock response: shift the scrip concerned to the 'spot delivery' list. It doesn't work. For two simple reasons.

■ Spot delivery is nothing like what the name suggests — instant exchange of cash for securities. Rather, the Bombay stock exchange's (BSE's) rules require that securities be delivered within three days of the deal, with the money following three days later. So, going spot means little more than a weekly delivery at best.

■ The basic purpose of going spot — ensuring that only genuine buying and selling takes place — is never achieved because of the often skewed demand-supply equation. While shifting a forward list scrip to spot suddenly puts pressure on shortsellers since the stock of available scrip is fixed at any point of time, buyers — usually company managements — are constrained only by the limits of their financing abilities.

In other words, the shortsellers have to compete with the Ambanis of the world to cover up their positions at a loss or pay heavy backwardation charges to postpone deliveries. For shortsellers, it's thus a lose-lose situation.

Making a killing. A case in point is Usha Rectifier, which was shifted to the spot list on 21 July 1989 by the BSE prior to the company's mega issue. The issue flopped, but the scrip continues to remain on the spot list. "Had it not been for spot trading, the scrip would be quoting half-way down (11 May quote: Rs 52)," says Manu Manek, the BSE's largest operator.

But as often as not, even the limited objective of curbing speculation is not achieved since the market authorities move with leaden feet. Take Larsen & Toubro, (L&T). When the Life Insurance Corp. sent a notice requisitioning an extraordinary general meeting (EGM) on 2 April, the L&T counter went berserk. However, it was moved to spot only two days later. And by that time operators had already made a killing.

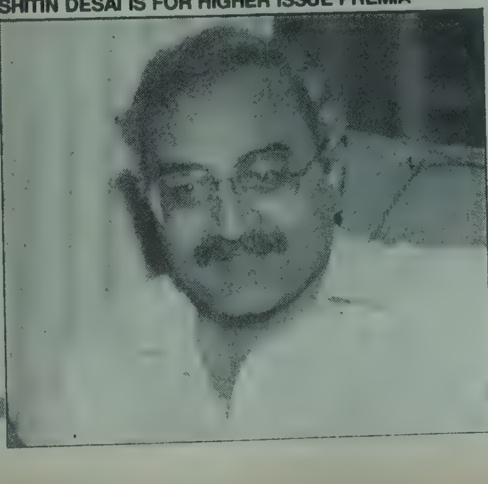
Perhaps, the market authorities were helpless as trading for the new account commenced only on 4 April. Explains M.R. Mayya, BSE executive director: "That was the earliest we could act." The L&T EGM case is a bit of an exception, but many marketmen question the basic rationale of automatically moving capital-issuing companies to the spot list. Though Govindbhai Desai, president of the BSE, says that "the decision to shift a scrip to the spot list is taken on a case-by-case basis," in the case of mega issues there is a directive from the Union finance ministry to do so.

The directive is clear: shares of capital-issuing companies should be shifted to spot from the beginning of the settlement during which the issue is opening and moored there till the settlement in which the issue is slated to close. Jobbing is, however, permitted. "This is to see that the liquidity in the scrip is not affected while speculation is reined in," says Mayya.

Imperfect market. But since shortsellers are stymied, the market in the concerned scrips becomes imperfect. Only jobbers (who offer two-way quotes to make a market) benefit since their spreads widen. Manu Manek believes that the larger beneficiaries are insiders of those companies having rights or public issues open for subscription.

Bonafide players, particularly genuine sellers, will vouchsafe this. Many sellers make sales when their scrips may be lying with the company for transfer. But sudden shifts to spot mean they can't take their time to make deliveries. At times, this leads to disciplinary action against the seller's broker. "The governing board of the BSE should accept transfer receipts (and not the scrips themselves) as good delivery," says Manek. Brijmohan Chaturvedi, a Bombay-based chartered accountant, feels that there is another way out: the three-day spot delivery deadline can be stretched to 20 so that genuine sellers are not penalised.

SHITIN DESAI IS FOR HIGHER ISSUE PREMIA



Impractical spot delivery restrictions have interfered with other market mechanisms too: *undha* or *ulta badla*, for example. *Undha badla* is the backwardation charge paid by a seller who is not able to deliver securities. In the cases of all the mega issues, backwardation rates shot up to phenomenal heights. In Apollo Tyres, the rate at one point was a whopping Rs 30 per share.

Manek offers a solution to this: "The *ulta badla* should be fixed in advance when a scrip is shifted to spot." There is some merit in this. Disinvestors can then sell only as many shares as they can deliver. Or sell depending on their ability to bear backwardation.

A solution. Problems attendant to spot delivery do not defy solution if the root causes for speculation are identified. For example, one reason for selling is to disinvest higher-priced old shares and invest instead in lower-priced new issues. A long-term remedy would be to rationalise the mechanism employed by the controller of capital issues (CCI) for pricing equity issues by companies. If issues are priced as high as the market can bear, the huge difference between new issue and market prices will vanish. The temptation to disinvest old shares will also die a natural death. Says Shitin Desai, director of the Bombay-based DSP Financial Consultants: "If the issue price is brought close to the market price, spot list manipulations will stop."

However, if the CCI still wants the big differences between issue and market prices to remain in order to attract investors to the equity cult, the spot mechanism will have to be abandoned. For only when sellers and buyers battle freely will a scrip reflect its genuine potential.

■ *A.H. Ghani*

ADB

DISAPPOINTING BASH

It ended in a whimper. The three-day annual bash of the Asian Development Bank (ADB) in New Delhi in early May left key issues unresolved. Big brother United States managed to bulldoze a postponement of discussions on the bank's sixth replenishment fund — the Asian Development Fund VI (ADF-VI), the bank's soft-lending arm. Both China and India which staked claims to a slice had to walk away empty-handed.

It didn't come as any big surprise though, for failure was the widely expected outcome even before the ADB annual general meeting kicked off on 2 May. The US contended that it was not ready to provide ADF-VI assistance to India and China as yet. In any case, there was an immediate problem of resources. Said US *ad interim* governor George A. Folsom, "The ADF should have sufficient resources to finance its operations into 1992." That was a reference to ADF-V which had resources of $3.6 billion allocated to it, and which still has some money in the kitty. But failure to start negotiations on ADF-VI means that not only will the cash run out, but also that the next fund will be a small one — far less than the ADB management's $9 billion wish-list.

Armtwisting. While the US armtwisting was perhaps specifically aimed at India — to a large extent for its tough stance on foreign investments in the country — it was surprising that Japan, the predominant heavyweight in the ADB hierarchy which lent 50% of ADF-V, also toed the US line.

And whistling the same tune along with Japan, were the European nations. Argued Lynda Chalker, the ADB governor representing the United Kingdom: "While aid flows are of course important, trade flows play an even (more) significant role." The US chose to single out China too for its ire, pending what it called "human rights reforms." After last year's Tiananmen Square massacre, the ADB had suspended project-lending to China. And the country had made a plea this time for resumption.

The US signals to China and India are simple: China should revert to its market-oriented policies and India should open up its economy to foreign investment, trade and services. As for India's reaction, that's been predictable too. "Foul" said a senior finance ministry official, "That the US has sought to politicise the ADB session in New Delhi is unfortunate and unwarranted." But India hasn't given up hope and finance minister Madhu Dandavate suggests that if the US finds it difficult to commit a large amount, it could stagger its contribution. Meanwhile, Japan could chip in with a stepped-up contribution to ADF-VI.

Whether the US, Japan and the European brethren bite Dandavate's bait remains to be seen. Meanwhile, however, the ADB bash had its positive fallouts. At least for India. The 2,000 delegates from 49 countries, comprising international bankers, got an exposure to India's changing policies. And not surprisingly, as some of the delegates confessed, the major learning experiences were outside the official functions — at private parties hosted by Dandavate, deputy chairman of the Planning Commission Ramakrishna Hegde, Exim Bank chairman Kalyan Banerji, and ADB president Kimimasa Taramizu.

(L TO R) TARAMIZU, V.P. SINGH & DANDAVATE AT THE UNPRODUCTIVE ADB MEET

Thrust to private sector. But the jamboree apart, there are lessons to be learnt about ADB. The bank, which initiated its assistance to the private sector four years back, promises to move into overdrive on that front. The numbers, however, still look measly. In the last four years, the ADB sanctioned a mere $ 180 million for 18 private sector projects — a piffling 1.6% of the total $11,206 million worth of loans that the bank had approved in the same period.

The bank, however, defends its low-key operations on this front till date. Thus far, it was testing the waters. Now it's ready for the plunge. Says Jiro Yamana, president of the Asian Finance Investment Corp. (AFIC), ADB's merchant banking outfit: "Even in India we had so far been functioning only through the IDBI and ICICI. Now we are ready for other avenues." To be sure, AFIC itself was set up only last year to step up private sector investments, particularly in developing countries. One of its recent forays into India was when it subscribed to a 12.5% stake in Bombay-based merchant banker Udayan Bose's Creditcapital Venture Fund.

That was just the beginning. It's now known that ADB wants to participate in three more venture capital funds in the country and is looking out for one in each of the four major regions. Negotiations are almost complete with a Rs 250-crore north Indian business house which wants a venture fund based in Calcutta. And progress has been made in tying up the last knots for another Rs 10-crore venture with a Bombay-based leasing company.

And that's not all. The ADB's private sector department is also looking for similar equity tieups for leasing outfits in India. According to M.S. Parthasarathy, senior operations officer at AFIC, the bank is considering funding of projects in steel and electronics as well as Indian joint ventures overseas.

That apart, the ADB is eager to assist in borrowing arrangements and funds mobilisation. Says AFIC's vice-president Akira Tsusaka: "We'd like to be known better in the (Indian) market so that we have access to Indian industrialists." Surely, that should come as sweet music to the Indian private sector.

■ *George Skaria*

SUPER 301

PLAYING BIG BULLY

And then there was one. Uncle Sam's hit-list of "unfair traders" now adds up to a total of one: only India, with Brazil and Japan earning reprieves for good behaviour.

To jawbone India into submission, the US is threatening trade sanctions, which could mean anything upto 100% additional import duties on Indian goods if it refuses to dismantle its restrictive trade policies.


UNFORTUNATE, SAYS SINGHANIA

Under the Super 301 (trade barriers) and Special 301 (intellectual property protection) clauses of the US Omnibus Trade & Competitiveness Act of 1988, India has been given the rap mainly for three reasons: its restrictive laws governing foreign investment (more than the 40% limit, it is the bureaucratic hurdles that bugs the US); the no-entry signs in the insurance market for foreign companies; and, three, the lack of adequate protection for patents and intellectual property rights in India.

Meagre Indian surplus. The irony of Super 301 is that it was really a stick intended to wallop Japan with. Japan enjoyed a trade surplus of $49 billion in last year's overall US-Japanese trade of $138 billion. In contrast, India had a trade surplus of a meagre $851 million (1/60th of Japan's) in last year's overall Indo-US trade of $5.8 billion (1/24th of Japan's).

In the beginning, there were as many as 25 countries on the Special 301 watch list, and just three on the Super 301 hit list — India, Brazil and Japan. Under intense US pressure, Japan agreed to reforms in some areas and to open its markets to US-made satellites, supercomputers and forest products. Brazil, too, relaxed its restrictions on imports of US food and manufactured goods.

But India stood its ground, forcing US trade representative Carla Hills to retain India on the list. Said Hills: "The US is continuing the identification of India and these (restrictive) trade practices as Super 301 priorities of the year (1990)." (No country has been named on the Special 301 list, but India continues to be on US' priority watch list here too.) According to Hills, India is "the most restrictive market with which we deal... (and it is) truly out of step with the historic changes taking place around the globe."

Regrets Hari Shankar Singhania, chairman (India section) of the Indo-US Joint Business Council: "It is unfortunate that the US is persisting in following its line of action and not heeding the policy changes which are taking place in India." Perhaps, the US would like to see India open up at a more frenetic pace, but the government is unlikely to oblige. As finance secretary Bimal Jalan said at the recently-held Indo-US bilateral business conference in Washington: "We are going to go forward, but at a pace and manner consistent with our needs."

The US does have cause for complaint. For instance, while foreign firms are not allowed ingress into India's insurance industry, the Life Insurance Corp. (LIC) and General Insurance Corp. (GIC) have opened as many as 30 branches abroad. But some private sector industrialists like Raunaq Singh, president of the Federation of Indian Chambers of Commerce and Industry (Ficci), feel that insurance should be a no-go area for foreign entrants. "There is no question of permitting foreign insurance companies to operate in India," says Singh, adding, "We have allowed their foreign banks to operate here. What more does the US want? All American banks are happy in India. They are minting money."

The $6 billion question then is: When will it be D-day, assuming the US decides to strike? From all available indications, it now looks certain that the US will defer retaliatory trade sanctions on India since it does not want to have a showdown before the grand finale of the Uruguay round of trade negotiations in December. But after December all bets are off. What happens if the US decides to go for it?

The fallout could be serious, both for economic and political relations between the two countries. Says Raunaq Singh: "It will be bad for both countries." Adds D.H. Pai Panandiker, secretary general of Ficci: "How bad it will be depends on which goods they select to slap additional import duties on." Cautions Singhania: "India exports mainly labour-intensive goods to the US and any retaliatory action will lead to unemployment or reduced incomes. This will have a serious and widespread socio-political fallout in India."

Some compromise. As things stand now, there are strong indications from business and government circles that some sort of compromise will be arrived at notwithstanding initial reports that the government will take a hard stand. Already, apex business bodies like Ficci and Assocham are playing a leading role in prodding the Indian government to negotiate with the US. The grapevine has it that India might grant concessions in the sphere of patents, intellectual property rights and foreign investment, but not in insurance, which will remain a local preserve.

In the event of a compromise on patent rights and intellectual property, there will be an outcry from the drug lobby, whose interests will definitely be bartered. Says a Ficci spokesman: "It can't be helped. Some things have to be sacrificed. In this case, more important is the fate of Indo-US relations and also the important role the US will be playing in the future growth of India."

■ *Srinivas Vijay & George Skaria*

AIR TAXIS

FLYING START FOR UB AIR

At long last, private air taxis have emerged from the hangar. Vijay Mallya's UB Air is the first indigenous carrier to take to the skies, thanks to some fast groundwork and, more important, the ready availability of a 14-seat Dornier with group company: McDowell & Co.

UB Air is a division of Maneckji Aviation, an associate company of the UB group engaged in aerial agriculture spraying operations. Maneckji Aviation was earlier in the business of ferrying Oil & Natural Gas Commission personnel to offshore drilling platforms but the entry of the public sector Pawan Hans put an end to that. However, the ownership of aircraft — Maneckji has two Bell 47 helicopters — enabled it to obtain a licence to operate an air taxi service.

The nascent air taxi industry, however, is some distance from takeoff. While eight letters of intent have been issued, there are only three licensees. Apart from Maneckji, the other two are Delhi Gulf (now called Modi Aviation, belonging to B.K. Modi) and India International Airways of non-resident Indian (NRI) Surinder Gill.

MALLYA'S UB AIR TAKES OFF

Government stipulation. Putting a spanner in the works has been a government stipulation that for regular commuter operations — as distinct from charters — air taxi operators should have aircraft with a 15-seat minimum capacity. But some entrepreneurs are undaunted. Dalmia Resorts, for instance, is believed to be negotiating with Hindustan Aeronautics Ltd. (HAL) for a Dornier. Others are thinking bigger. The Madras-based Air Asiatic Ltd., promoted by the Hindustan Institute of Engineering Technology, is contemplating the purchase of a couple of 50-seater Fokker planes, maybe second-hand, from abroad.

Right now, the other two air taxi licensees have only copters and smaller-capacity aircraft, which means they are not exactly ideal for commuter operations. Charters, on the other hand, can be expensive. India International Airways, which currently operates charters to some neighbouring countries, charges Rs 35,000 an hour. It operates an HS-125. Modi Aviation, which has a tieup with the Dubai-based Gulf Helicopter, has a couple of Chetaks and an A-Star of French Aerospatiale make.

As for Maneckji Aviation, it is starting off with one Dornier. According to general manager Suneel Mehra, UB Air will be operating on the Bangalore-Hyderabad-Bangalore route three times a week and twice weekly on the Bangalore-Mangalore-Bangalore route. The idea clearly is to plug the gap left by Indian Airlines' suspended operations on the Bangalore-Mangalore route.

"We wish to address the business traveller," says Mehra. "The aim is to exploit gaps in the schedules of Indian Airlines and Vayudoot." UB Air will be charging 30% more than the economy-class fares of Indian Airlines, "but in return we will ensure reliability and refund the ticket before takeoff in case the flight is delayed for whatever reason."

Add-on benefits. UB Air also proposes to tie up with hotels and taxi operators by way of add-on benefits to passengers. Charters on lucrative routes — for instance, Hyderabad-Tirupati-Hyderabad or Madras-Tirupati-Madras — are also in the works. Currently, the Vayudoot schedule on the Hyderabad-Tirupati-Hyderabad route is such that devotees cannot have a *darshan* of the Lord and return to Hyderabad the same day. Charters, feels Mehra, can overcome this problem.

The maintenance of UB Air's Dornier has been entrusted to Air Works India Ltd., Bombay, though Maneckji Aviation has some of its own basic facilities. UB Air's own maintenance facility, to be located adjacent to Bangalore airport, is expected to be ready in a year's time. The taxi service has currently two trained pilots to fly the Dornier. Two air hostesses have also been recruited. With Bangalore airport functioning all 24 hours from 1 June, UB Air's schedules can be fixed at even more convenient times to passengers, feels Mehra, who has already appointed agents for selling tickets: Marcopolo Travels & Tours in Bangalore, Orient Travels & Tours in Hyderabad, and Albion Travels in Mangalore.

In the meantime, efforts are on to acquire one more Dornier with the help of NRI funding. Mehra is hopeful of getting a second aircraft within the next few months, but that is not quite certain.

By taking off first, UB Air certainly gets a head start, but the going could get tougher if new entrants stream in. Mehra feels that "there's room for six companies to operate without treading on each other's toes." But given the many constraints, the question is how many air taxi proposals will get off the ground in the near future. A fledgling lobby is, however, taking shape in the form of an air taxi consortium under NRI industrialist Praful Patel.

■ *N. Raghavan*

NEWS BRIEFS

■ The revised draft paper of the Eighth Plan has recommended a gross domestic product (GDP) growth rate of 5.5% per annum. It will require an average gross domestic saving of 22% to achieve a 5.5% **GDP growth rate**.

■ The ministry of shipping and transport has finalised the draft legislation which will permit non-vessel owning common carriers also to issue a **bill of lading**.

■ The minimum **export prices** for many varieties of long and extra long staple cotton have been lowered.

■ The centre will bear 50% of the state governments' burden in **waiving loans** upto Rs 10,000 owed by farmers, artisans and weavers.

■ India's total **debt** stock amounted to $ 50 billion in March 1989, with the debt service ratio rising from about 8% in 1980 to 27% in fiscal 1988.

■ The Bombay Port Trust is planning to **rationalise** the **Dock Scale of Rates** (DSR) for wharfage, demurrage and ship-related services such as towing and piloting by applying them on an *ad valorem* basis.

■ The share of the rural sector in **budgetary support** for the central plan has gone up from 44% in 1989-90 to 49% in 1990-91.

■ The government will reduce the qualifying requirement for recognition as an **export house** from the existing Rs 5 crores of net forex earnings per annum to Rs 4 crores per annum.

■ All restrictions on the **movement of wheat** from one state to another have been removed in view of the expected heavy arrivals in the markets of Punjab, Haryana and Uttar Pradesh.

■ **Forex earnings** of the Indian silk industry touched a peak of Rs 354.5 crores between April 1989 and February 1990.

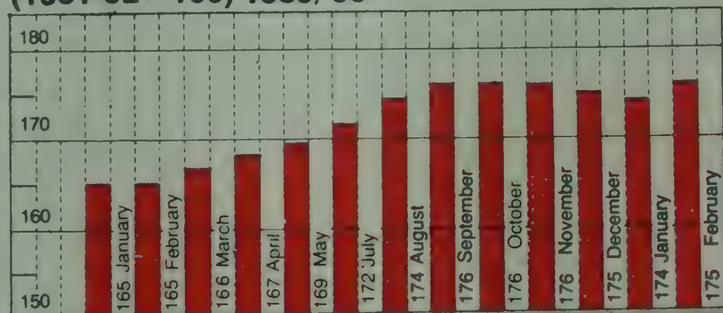
■ The Centre has proposed to set up **three oil refineries** during the Eighth Plan. They are likely to be located at Daitari in Orissa, Karnal (Haryana) and Mangalore (Karnataka).

■ **Basic customs duty** on titanium sponge when imported for manufacture of titanium and its alloy products has been **raised** from 30% to 35% *ad valorem*.

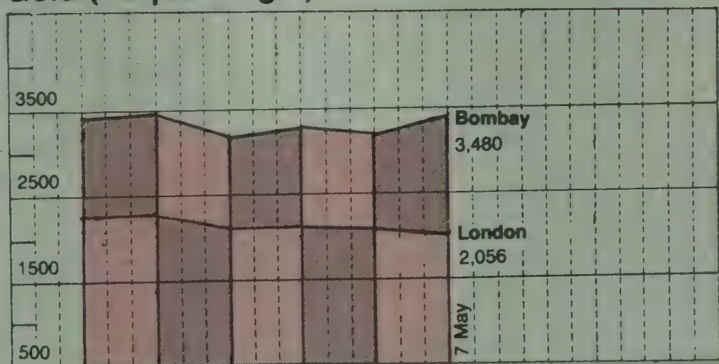
Foreign Exchange Rates (Spot) 1990	14 May (Rs)
One P. Sterling	28.80
One US Dollar	17.27
One D.Mark	10.39
One hundred J.Yen	10.90
One Saudi Riyal	4.61
One Kuwaiti Dinar	58.82

Wholesale Price Index (1981-82 = 100) 1990

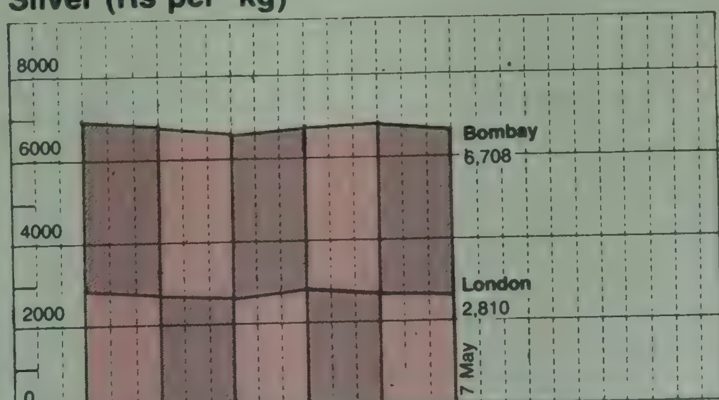
Consumer Price Index for Industrial Workers (1981-82 = 100) 1989/90



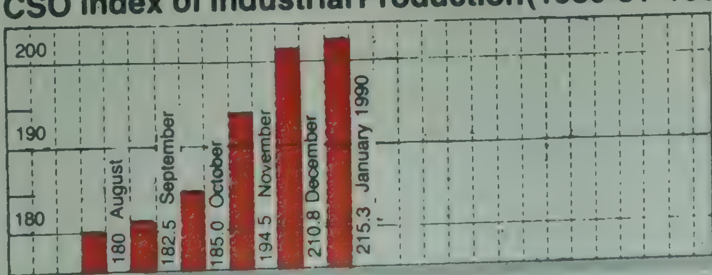
Gold (Rs per 10 gm)



Silver (Rs per kg)



CSO Index of Industrial Production(1980-81=100)



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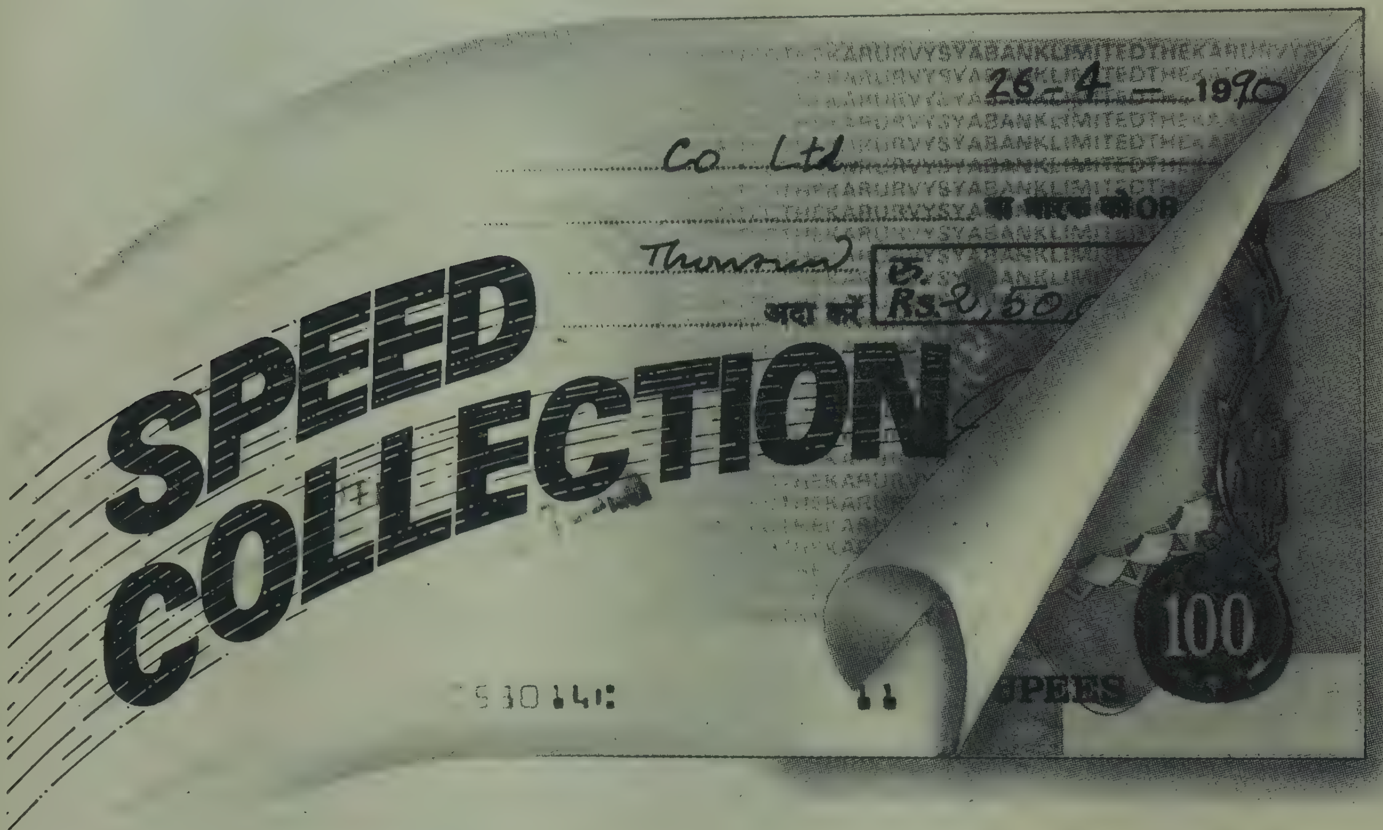

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CEMENTING A TURNAROUND

A year ago, N. Srinivasan, India Cements' managing director, told *BusinessWorld* that his impending assignment at the company was going to be an 'eight-to-eight' job. He had to wait another six months to put in those long hours, but he has pulled it off with aplomb. The company is back on the rails, and, with the acquisition of the Andhra Pradesh-based Coromandel Fertilisers' one-million-tonne cement plant on the cards, it could spell a larger presence for 'Sankar' cement in the south.

With the Rs 105 crore plan for the conversion of India Cements' Sankaranagar plant in southern Tamil Nadu to the dry process nearing completion, Coromandel's dry process, four-year-old cement unit is expected to fit neatly into Srinivasan's scheme of things. Explains Srinivasan, "With our extensive dealer network — we have over 1,800 stockists in the south — we feel we can do a better job of marketing cement at a price better than what they have been realising so far."

That was the chief bugbear of Coromandel's cement unit. Though it enjoyed a good brand image in the north of Tamil Nadu and in Karnataka, a poor marketing and distribution network had Coromandel looking for buyers for its cement unit. There were three suitors in the running — Larsen & Toubro, Gujarat Ambuja Cements and India Cements. But at a Coromandel board meeting on 5 May the directors plumped for India Cements as the best bet.

It makes sense in more ways than one. Proximity, to begin with. The plant, located at Cuddapah in Andhra Pradesh, is closer to India Cements' corporate office than even the latter's own plants. Moreover, given the glut in the cement industry, marketing will hold the key to success — and that is where India Cements' strengths lie.

Comments N. Sankar, the company's non-executive chairman, "The acquisition of this unit will really put us in the forefront of the cement industry in the south again." The company's total cement capacity will move up to 2.6 million tonnes.

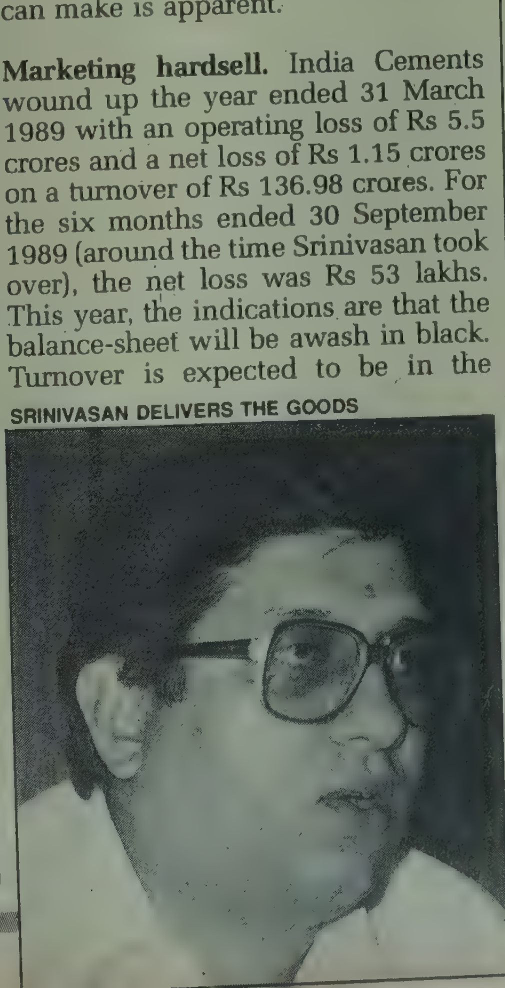
A bargain. The one-million-tonne plant, to be purchased for a whopping Rs 105 crores, still awaits institutional approval, but Srinivasan apprehends no problems on that score. Nor does the high cost daunt him. A new one-million-tonne plant would cost Rs 180 crores, "and here we are getting a barely four-year plant for Rs 105 crores," he points out. Besides, both India Cements' revamped Sankaranagar unit and Coromandel have a common machinery supplier in Krupp Polysius of West Germany.

Another aspect which excited Srinivasan was the fact that Coromandel's cement unit had abundant deposits of high-grade limestone deposits — an essential ingredient for further capacity expansion. Elaborates Srinivasan, "In Tamil Nadu there are no more limestone reserves which can be used for the expansion of capacity. In future, the Cuddapah unit could be a tremendous asset to India Cements. In fact, it will enable us to continue in cement for some time to come."

While Srinivasan is looking ahead at the possible synergies the takeover will bring, his primary charge has meanwhile effected a quiet turnaround since last October. Comments Sankar, "The difference a committed entrepreneurial management team can make is apparent."

Marketing hardsell. India Cements wound up the year ended 31 March 1989 with an operating loss of Rs 5.5 crores and a net loss of Rs 1.15 crores on a turnover of Rs 136.98 crores. For the six months ended 30 September 1989 (around the time Srinivasan took over), the net loss was Rs 53 lakhs. This year, the indications are that the balance-sheet will be awash in black. Turnover is expected to be in the region of Rs 150 crores while profits, in a massive swing away from last year, will be approximately Rs 2.5 crores. Says a smug vice-president (finance), N. Swaminathan: "India Cements is a cash-rich company today. Our surpluses touch a crore a month." Swaminathan attributes the turnaround in finances to the marketing hardsell by the company, consistent production and regulated distribution.

SRINIVASAN DELIVERS THE GOODS



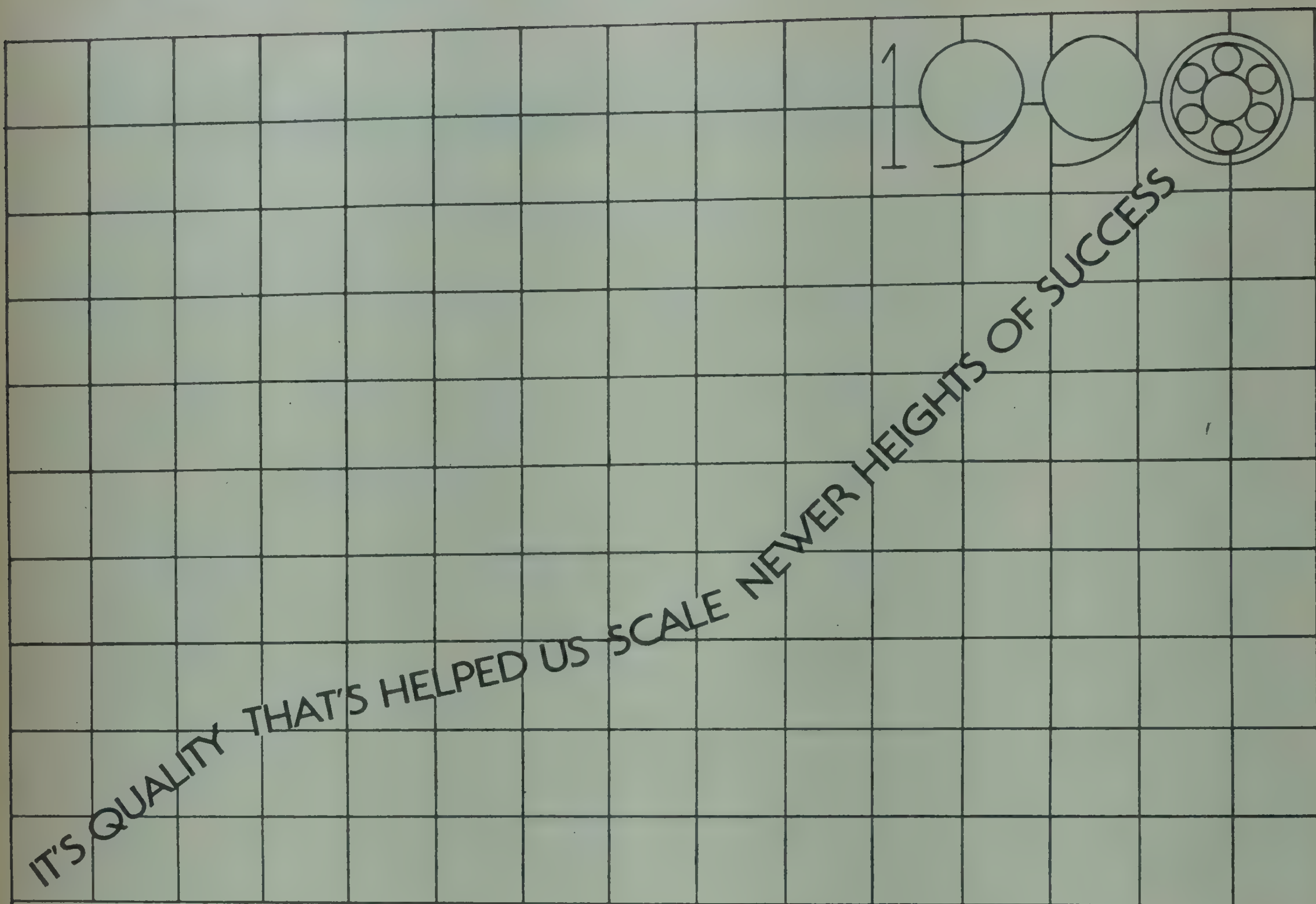
The performance in 1990-91, Swaminathan feels, should be even better, given brisker offtake in cement and better prices. The modernisation at the Sankaranagar unit will also substantially reduce fuel costs. Explains R.K. Dass, vice-president (operations): "The main reason of switching over to the dry process was the galloping costs of coal and the sheer unavailability of quality coal." Following the modernisation, the coal cost component, the largest cost element, will come down from 32% to 19%. The dry kilns are expected to be running full blast in a couple of months.

Though there is cause for optimism at India Cements following the upswing in prices, the short-term market scenario for the cement industry does not hold out much. The period till 1991-92 will continue to show an all-India surplus of 2.5 million tonnes, which could depress prices further and affect the financial performance of cement units. Traditionally, the southern and western regions have been surplus in cement and even five years down the line the south will still be 1.46 million tonnes in surplus.

Though Srinivasan is sure that prices will be lucrative five years hence, he's taking no chances. He's already looking at forward integration by making a thrust into property development in Madras city, where the company owns land in prime pockets. "With our kind of expertise in the construction business, I'm sure we can do a good job of it."

Meanwhile, a rights issue by the company in February last has seen the promoters' shareholding in the company rise substantially, probably in a bid to insulate themselves from the institutional whims. That's cementing oneself in more ways than one.

■ *Vinay Kamath*



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SPINNING INTO BIG TIME

After achieving full capacity utilisation, the buzzword in the boardroom of Shree Rajasthan Syntex is diversification. And if the main product line has till now been polyester-blended yarn, the opportunities that beckon will take the company into the specialised propylene industry. The target: to polevault into the Rs 100 crore turnover club in three years from the present Rs 30 crores.

"With the improving bottomline, we have to expand our operations," explains managing director V.K. Ladia, who is much impressed by parts of Reliance group chairman Dhirubhai Ambani's growth strategy. Says he: "Minus certain 'creative' activities, the philosophy of Reliance is followed the world over. And that is to continue to expand when earlier plants start yielding full returns. This way, profits are better utilised instead of (just) paying taxes."

But this strategy certainly led to uncertain times for the shareholders of Shree Rajasthan Syntex after its first expansion, when equity prices touched a low of Rs 5 in 1987. After starting to generate profits from 1983, the company doubled its installed capacity to 23,280 spindles in 1985. Even as the equity base of the company widened following a rights issue made to fund expansion, the bottomline shrank under the combined pressures of high interest burden and increased depreciation provisions.

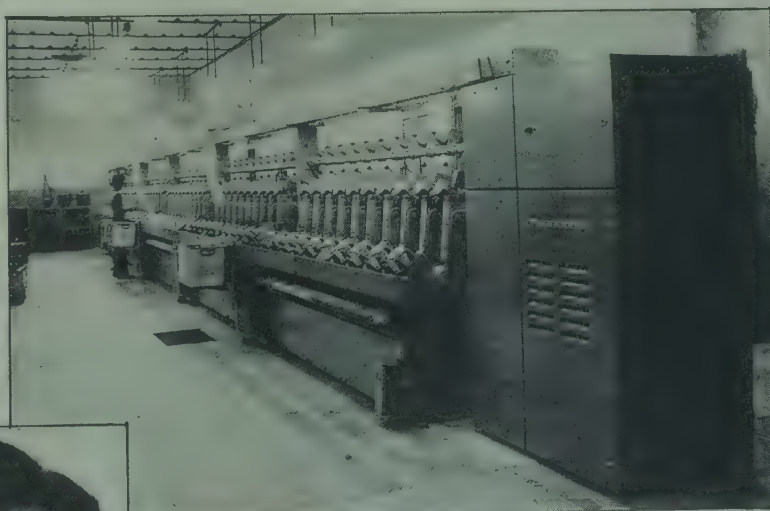
Solid punch. The government, too, landed a punch in the midriff. "We received a blow from the textile policy of 1985. The reduction in the duty on polyester fibre from Rs 45 to Rs 25 a kg gave us stock losses and the differential rate introduced in the duty structure turned the tide against us in the market," explains Ladia.

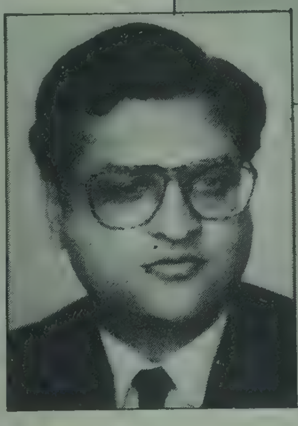
But the company bounced back within a year: it started making profits from 1986-87 onwards. The bottomline, however, continued to look weak primarily because the management chose to raise cash flow instead of profits by providing for heavy depreciation.

Of the company's total gross block of Rs 11.46 crores, 65% of it had already been depreciated by 1988-89. Explains Anil Jain, controller of finance: "The high depreciation provided for in the early years was mainly in view of (avoiding) taxation." And here lies the company's strength.

Promoted in 1979, Shree Rajasthan Syntex began commercial production of polyester viscose-blended and acrylic yarns in 1981. The company started spinning profits almost immediately and a maiden dividend was paid in 1983-84. Another dividend followed the next year. But as soon as the company expanded capacity in 1985, anxious times began.

Prudent policies. Apart from the depredations of the new textiles policy, three consecutive drought years led to a demand recession and power problems in Rajasthan, where the company's plant is located. Ladia's prudent policies contributed to holding down the bottomline. In 1986-87, for example, though the company churned out a cash profit of Rs 97 lakhs, the management chose to provide multi-shift depreciation for earlier years, spattering the balance-sheet with red. The losses generated in that year were wiped out only in 1988-89, when the company made enough profits to return to the dividend list.





LADIA (INSET) EXPECTS HIS PLANTS TO GENERATE BUMPER PROFITS

Meanwhile, the company has made significant headway in implementing its licence for the manufacture of 5,000 tonnes per annum (tpa) of polypropylene multifilament yarn. Though 18 licences have been issued to different companies for the same product, Shree Rajasthan Syntex has chosen a range where there may be only three competitors. "We will be producing finer quality yarns below 840 deniers while most of the (other) new capacities are coming up in coarser varieties requiring low investment and which find use only for industrial purposes," claims Ladia, a graduate of the Indian Institute of Management, Ahmedabad, who spent a score of years with J.K. Synthetics before setting up his own outfit in 1979.

Brisk sales. In his chosen range, currently there is only one competitor — Rajasthan Petro Synthetics — operating with an installed capacity of 1,500 tpa and which is now being hiked to 5,000 tpa. Two others are planning an entry: Parasrampuria Synthetics has plans to set up facilities for producing 2,000 tpa of this yarn while the Uttar Pradesh Industrial Development Corp. holds a licence for 5,000 tpa.

Shree Rajasthan Syntex's own plans are to instal its capacity in two phases spread over the next three years. While the 2,000 tpa first phase, involving a capital expenditure of Rs 18 crores, is expected to start production by June 1991, the second phase (3,000 tpa), requiring an additional capital outlay of Rs 22 crores, is likely go on stream by end-1992. The phased implementation is perhaps intended to avoid a rerun of the mid-eighties, when heavy depreciation took its toll of profits.

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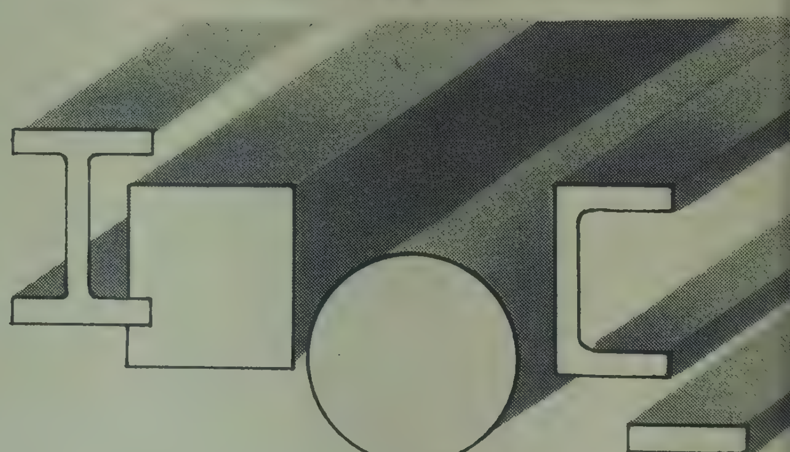

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capacities in polypropylene yarn below 840 deniers will jump six-fold from the present 1,500 tonnes to around 9,000 tonnes by 1991, Ladia is confident of brisk sales. "There is no dearth of demand as a huge potential exists," says Ladia, whose eyes are set on the furnishings sector. "Even at 10% replacement demand for furnishing fabrics, it will take care of the new capacities created." On the other hand, the untapped market is enormous. Points out Ladia: "We hardly see polypropylene carpets, car seat covers, sofa covers, socks or undergarments in this country, which are a common sight abroad."

The nineties certainly look rosy, but the last couple of years haven't been too bad either. The company's sales and profits showed gradual improvement, with the former growing from Rs 23.48 crores in 1986-87 to Rs 29.59 crores in 1988-89. Profits at the gross and net levels improved from Rs 2.68 crores and Rs 0.64 crores to Rs 3.56 crores and Rs 1 crore respectively. In the nine-month financial year ended March 1990, the company expects to achieve a turnover figure of Rs 25 crores (Rs 34 crores on an annualised basis) and a net profit of around Rs 1.1 crores (Rs 1.47 crores on an annualised basis).

SHREE RAJASTHAN SYNTEX

(In Rs crores)

	1986-87	1987-88	1988-89	1989-90*
Sales	23.48	23.99	29.59	25.00
Gross profit	2.68	2.88	3.56	3.75
Net profit	0.64	0.99	1.00	1.10
Equity capital	2.63	2.63	2.63	2.63
Gross profit to sales (%)	11.41	12.00	12.03	15.00

*9 months' projections
Source: The company.

Welcome change. All this adds up to a welcome change for shareholders, who have seen share values go down dramatically after the last rights issue and the skipping of dividend in 1986. However, with the company's return to the dividend list last year, the market quotation has moved up (current quote: around Rs 17) and it could rise even higher with the announcement of the current year's results (See table for projections).

Ladia is upbeat. "Our interest burden and depreciation on older plants will get reduced considerably by the time we have to provide for these in the new (polypropylene) plant. And since the new plant will make handsome profits in the first year itself, the profitability will show a quantum jump."

To push into the Rs 100-crore club, Shree Rajasthan Syntex has set its sights on pesticides and basic drugs for further diversification. "That is our total diversification plan, but right now it is only at the planning stage. Perhaps we will implement these projects in 1993," says Ladia.

■ *Shashi Shekhar*

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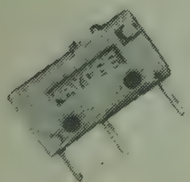

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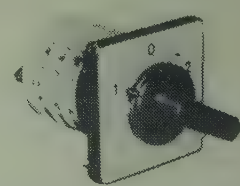

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APPOINTED

■ **Sita World Travel** has been appointed **Chatwal Hotels'** marketing representative in India for the latter's chain of six hotels in the US.

NEW PROJECT

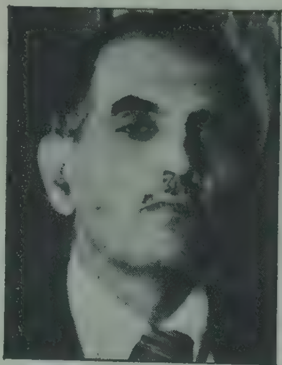
■ **Ruchi Soya India** has commissioned a new plant to manufacture textured vegetable proteins at Noida, near Delhi. The company has also commissioned its plant at Mangliagaon in MP.

AWARDED

■ The **Bombay Management Association** was awarded the Best Local Management Association for the year 1989-90 by the All India Management Association for training and developing professional managers.

■ The **Taj Magazine** has won the PATA Gold Award for 1990.

■ **Elcina** (Electronic Component Industries Association) has conferred the 'Electronics Man of the year award for 1989' on **F.C. Kohli,** director-in-charge of Tata Consultancy Services.



F.C. KOHLI

EVENTS

■ **The Gramya Research Analysis Institute** has organised a two-day seminar on 'Project Management' at Vadodara, Gujarat, from 28 July 1990.

For further details, contact: The Convenor, Projects management seminar, Gramya Research Analysis Institute, P.O. Box 4016, 8 Manusmriti, 14, J.P. Nagar, Juna Padra Road, Vadodara 390 015.

■ **CRaVE Services** has organised a management development workshop, 'Managing Our Time Better', to be held on 22 July 1990 at The Centaur Hotel, Bombay.

For further details, contact: CRaVE Services, 835, Anubhav, VI Cross, Indiranagar Stage Two, Bangalore 560 038.

NEWS BRIEFS

■ The Panna field project of **ONGC** (Oil & Natural Gas Commission) has suffered heavy cost and time overruns with the project cost having almost doubled (Rs 1,148 crores) over the last two years.

■ **Dinol Shroff (India)**, a joint venture of Dinol AB of Sweden and Shroff Technical Services has begun commercial production of anti-corrosion chemicals at Tarapur.

■ **Pacon**, an HMG group company, has been appointed the Indian sales agent of **Union Paper Mills,** a Dubai-based manufacturer of Kraft liner board.

■ The **Concor** (Container Corporation of India) will, in the next three years, set up and operate 10 inland container depots (ICD) and 20 container freight stations (CFS) at a cost of Rs 230 crores.

■ **Uniplas India** is implementing a major expansion and diversification programme to raise the production capacity of various plastic products from 12,400 tonnes per annum (tpa) to 38,400 tpa by June this year.

■ A Rs 252 crore project to manufacture glass shells, colour funnels and colour panels has been proposed by **Samtel (India)** at Bhiwadi in Rajasthan.

■ The **SCICI** (Shipping Credit & Investment Co. of India) has plans to restructure **Scindia Steam Navigation Co.**

■ **Essar Gujarat** has commenced trial production at its 8.8 lakh tpa hot briquetted sponge iron plant at Hazira in Gujarat.

■ **Hindalco** has drawn up big expansion plans which will entail a capital outlay of Rs 1,700 crores in the next three years.

■ **Khaitan Hostombe Spinels** (earlier Khaitan Refractories) is going in for a major expansion-cum-diversification project in association with R. Hostombe of the UK to produce "special magnesites."

■ **Nirlon's** Rs 4 crore modernisation plan has been okayed by Petrofils Cooperative which has been appointed by the BIFR to prepare a technical evaluation.

■ The Delhi-based **Jindal group** plans to set up an integrated complex in Raigarh which will manufacture six-lakh tonnes of sponge iron, five-lakh tonnes of hot rolled coils and 40,000 tonnes of ferro chrome by end 1990.

■ The **Maharashtra Electronics Corporation** is setting up a software development academy. The Rs 2 crore project is aimed at creating a dedicated group of personnel specialising in export-oriented software.

■ The **IOC** (Indian Oil Corp.) has earmarked an investment of Rs 2,000 crores for adding about 3,000 kms of petroleum pipelines to its network by the end of the century.

■ The **NTPC** (National Thermal Power Corp.) will set up a 2,000 Mw coal-based super thermal power plant in Goa within the next five years.

■ The board of directors of **Haldia Petrochemicals** was constituted with 13 members at its meeting held in Calcutta on 30 April.

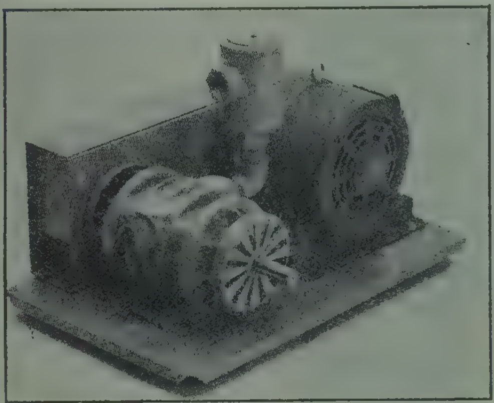
■ **ICI India** is understood to be looking for buyers for its ailing 30,000 tonne polyester staple fibre unit at Thane, Maharashtra.

■ **Spencer & Co.**, the Madras-based company, will launch two brands of beer — Spenceberg and Sixer — shortly.

■ **Flakt India** which manufactures a wide range of air-pollution control equipment is gearing up operations to enter other areas of environment control.

TIEUPS ON OFFER

US-outfit Westmoor Ltd is looking for an agent for its aeration/destratification kit, which eliminates algae and anaerobic bacteria in lakes, ponds and tanks without harming other aquatic life. The kit includes a compressor,



ceramic diffusers and piping to bottom aerate water up to 7.6 metres deep. The price: $600-1,000.

Contact: George Fisher, president, Westmoor Ltd, Dept CN, 3452 N. Knox Avenue, Chicago. Illinois 60641 USA. Fax: 312-282-4954.

Fire Research Labs Inc of the US is looking for agents to market its fire-retardant varnish — FireLab Urethane Varnish. The urethane varnish, which leaves a hard, clear, chemical-resistant coating on application, is claimed to swell up when exposed to heat or fire. This protects the wood on which it has been applied from further damage, the company says. The price: $ 25 for 3.8 litres.

Contact: Robert Wood, president, Fire Research Labs Inc, Dept CN, 5364 Pan American Freeway, NE, Albuquerque, New Mexico 87109, USA. Telephone: 505-883-8433.

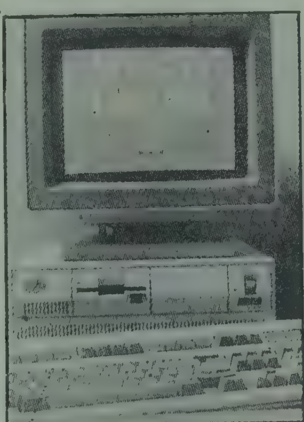
American company Videoconferencing Systems Inc (VSI) is looking for Indian associates to either market or even take up manufacture of its video conferencing sytems. These are available in single-user models or full-size conference room configurations. VSI also offers system solutions which can create networks — either point-to-point or multi-point interactive video conferencing over long distances.

Contact: Mark Peterson, product marketing manager, Videoconferencing Systems Inc, 5801 Goshen Spring Road, Norcross, GA 30071, USA. Fax: 404-441-1823.

UK-based Colloids Ltd has developed a pigment concentrate which helps give a pleasing "speckle" ceramic effect to thermoplastics. Labelled Ceramtex , it is nontoxic and can be used by manufacturers of thermoplastic houseware, horticultural pots and designer-style interior fittings to extend the range of finishes offered by them. Indian companies can negotiate the possibility of technology transfer.

Contact: D. Grandage, Colloids Ltd , Dennis Road, Widnes, Cheshire, England WA8 OSL. Fax: +4451 423 3553.

This software package is for those involved in the building and construction industry. Dynalog, a France-based company, is offering a package styled Multi Devis 3 which can be used to store uptodate information about construction materials, labour and projects, design formulae, etc. It operates on microcomputers under a DOS or OS/2 environment. Dynalog claims that Multi Devis 3 is simple to use and can be of help in monitoring construction projects and operations at the work site, besides drawing up quotations quickly. Companies could follow up for a distributionship arrangement.



Contact: M. Christophe Villette, Dynalog, 44 Rue Etienne Marcel, 75002 Paris, France. Tel: (33) (1) 42.36.47.13

Paper labels on containers containing chemicals have a tendency to become unreadable even if a few drops of the chemical fall on them. This can lead to confusion about the container's contents. To prevent this, a Steinmaur (Switzerland)- based firm has developed polyester acid-resistant labels called TDE Laminette. Printing on these can be done by computer after which they are covered with an additional translucid protective film. The labels are easy to stick on. Companies could try for a possible technology transfer or agency arrangement.

Contact mentioning enquiry no.—199: Consulate General of Switzerland, Manek Mahal, 90 Veer Nariman Rd, Bombay-400 020.

Taiwan-based Brighten Life Enterprise Co Ltd is seeking to export infant incubators, care centres, medicine packing machines, and clinic number callers. The difference about these products is that they are microcomputer-based. Indian companies could approach the company for an agency arrangement.

Contact: Brighten Life Enterprise Co Ltd, 15-3, Lane 38, Lin Kou Street, Taipei. Fax: 2-7263484.

Cermark International Corp, a Taiwanese company, has developed sunglasses called Wrappers which are unbreakable and provide ultraviolet protection. Wrappers' uniqueness lies in that it can be wrapped around one's wrist, ankle or arm when not being used. The sunglasses could be great additions to the haute couture and yuppie-targeted boutiques in India. Those interested could write enquiring about the possibilty of a marketing or a technology transfer arrangement.

Contact: Cermark International Corp, Fourth Floor, 22, Lane 34, Tung Hsing Street, Nankang, Taipei. Fax: 2-7868369.

PRODUCTS & PROCESSES

COOLING VEST

US-based Koslow Technologies Corp. has developed a unique, lightweight vest styled M5 Micro-Climate Cooling Unit (MCCU). It has been designed to cool the human body in critical conditions where temperatures are high such as in cabs of heavy construction vehicles or in steel plants. It is claimed to be the only compact, lightweight, thermoelectric device that continuously circulates a chilled coolant (water or water/glycol) through a vest worn by the user. The vest automatically maintains an 18-21°C, microenvironment even when ambient temperatures rise upto 66°C. The unit eliminates heat stress and dehydration, thus allowing individuals to work for extended periods in hot environments.

LIVESTOCK DEODORISER

Alltech Biotechnology Center of the US has developed "De-Odorase", a compound which reportedly helps reduce ammonia odors in confined quarters of livestock. It contains an extract of the *Yucca shidigera* plant, and inhibits the release of ammonia from urea in manure pits, lagoons and poultry litter. In addition to the above plant extracts, this new compound includes a strain of active bacteria that has a high fermenting capacity and which increases the rate of carbohydrate breakdown. Thus, in addition to reducing atmospheric ammonia, which often results in high mortality among confined animals, the product reduces sludge accumulation.

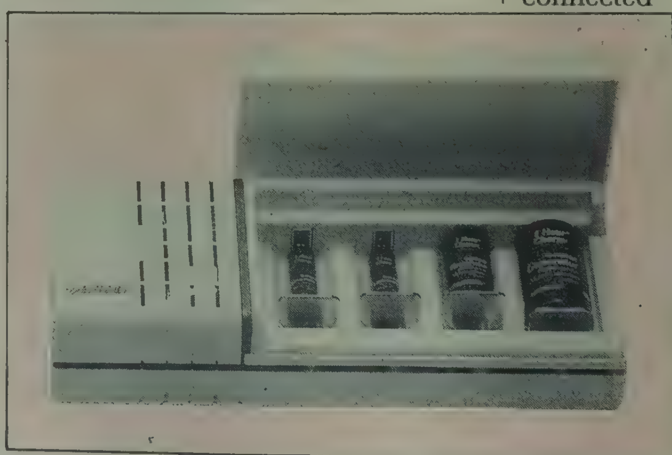
WATER WEIGHTS

The US company Porta-Weights Inc. has introduced an unusual new product to the exercise/fitness world. "Porta-Weights" are a set of water-inflatable weights which are ideal for persons on the move. Small and lightweight when collapsed (12 oz.), they fit into a suitcase. When required, they can easily be filled and expanded with plain water to provide a five or 10-pound weight for each hand. Each weight consists of two collapsible containers, a hand-grip and two caps. Components are made of high-impact engineering polymers for long life and repeated use. Incidentally, the design is so artistic that it has been chosen by the New York Museum of Modern Art for effective use of modern materials.

RECHARGING BATTERIES IN AN HOUR

One of the drawbacks of the rechargeable battery has been that it takes between 8-14 hours to get recharged. But now this handicap has been eliminated by the world-renowned Eveready Battery Co. Inc. of the US. Eveready's new "generator-cum-one-hour rechargeable battery system" is in the market in the US. AA, C or D size generator batteries can now be popped into the charger unit and fully recharged in just one hour!

EVEREADY'S BATTERY RECHARGER



CHEMICAL REPAIRS SEWER SYSTEMS

EKI of Hungary, has been successful in developing and extensively using "Superaqua," a chemical compound that can reportedly repair and waterproof nearly any sewage pipe, regardless of the extent of the damage. A single phase of applications can, in one day, repair upto 200 metres of a sewage pipe, whether it is buried in the earth or submerged in ground water. The compound is a two-part system applied in two stages. First, a section of the sewer is sealed off and filled with solution "A", which is pumped out after 20 minutes. Solution "B" is then injected in and allowed to be absorbed into the pipe and its surroundings.

The chemicals can also repair branches leading to homes and cleaning/control shafts, in addition to the main canal. According to the manufacturer, this new, non-polluting compound has already been applied successfully to more than 150,000 metres of sewage pipes.

HAND-HELD STONE POLISHER

Naniwa Abrasive Manufacturing Co. Ltd. of Japan has perfected a hand-held tool which can be used to polish stone surfaces. Called a "water-belt-sander," it consists of a diamond-coated belt which is fitted around two small wheels. A narrow water-hose is connected to the hand-held unit, which provides a constant spray of water to cool the belt as it is being used. The tool can be used to polish flat and rounded surfaces and edges. It can also polish rounded concave shapes in stone surfaces, including marble and granite. Seven varieties of diamond belts are available, ranging from coarse to ultra-fine. Diamond belts for other applications such as glass and ceramics are also available.

■ *Ranjit Hira*
The author is the chief executive of Indea Consultants, Bombay.

**Enquiries should be addressed to:
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WORMS IN GENELEC APPLE

WAS CHHABRIA SOLD A PUP?

Fraud, fabrication and dishonesty are unlikely appellations for the Calcutta-headquartered General Electric Co. of India Ltd. (GEC), known in corporate circles for its singular low-profile and true-Brit, stiff-upper-lip conservatism.

Manu Chhabria would tend to disagree violently. Last month, in a dramatic courtroom deposition carefully timed to coincide with a weekend, his flagship company Shaw Wallace charged GEC with "giving fraudulently and dishonestly fabricated false and tailored trading and operating results" on Genelec. According to Chhabria, the profits which GEC showed Chhabria before he bought Genelec were "made on paper only by falsifying the accounts, making fictitious bills and using forged documents as genuine."

Continues the charge, drafted in inelegant legalese: "Pursuant to such conspiracy, accounts were falsified and manipulated to show profits instead of huge loss, by preparing false accounts, by forging bills, vouchers, documents and making false and fabricated documents in a fraudulent and dishonest manner so that the real state of affairs about operations and financial results of Genelec Ltd. could be concealed, and false profits on paper could be shown in order to remove the funds of Genelec Ltd. to GEC and to GEC plc by way of so-called dividends which would not have been possible otherwise, nor would GEC have been able to sell its equity holding in Genelec Ltd. at an artificially managed high price."

Quite a mouthful, that. In short, Chhabria claims he was handed over a lemon dressed up as an apple. Taking cognisance of Chhabria's indignation at having been effectively cheated and misled, the metropolitan magistrate, "after giving anxious thought and after careful consideration of the entire circumstances," held that warrants of arrest be issued against GEC chairman A.K. Khosla and over a dozen others. The following Monday (23 April), the Calcutta high court stayed the order. And there the matter rests, with further hearings scheduled for subsequent weeks.

Chhabria is bitter with his GEC experience as he claims that he was handed over a lemon dressed up as an apple

Chhabria is quite bitter with his GEC experience: "I have negotiated many deals. There is an element of trust implicit in any negotiation. In this instance, I'm afraid to say, the other party did not keep the trust." GEC officials prefer, though, not to respond to these insinuations. They plead that the matter is *sub judice*.

The high drama of court proceedings apart, Shaw Wallace's action raises a host of intricate issues far beyond the limited pale of the Indian Penal Code under which action has been initiated. For instance, it questions the very basis of accepting the sanctity of agreements to buy and sell a commodity (in this instance, shares of Genelec).

Specifically, the agreement dated 2 December 1988 between Shaw Wallace and GEC sealing the Genelec share transfer deal expressly provides as follows: "Information, statements and representations that have been made available to Shaw Wallace by GEC and its directors have been in accordance with information, statements and representations furnished by the management and officers of Genelec Ltd. or already available in the public domain. Shaw Wallace hereby acknowledges that no such information, statements or representations shall give rise to any liability on the part of GEC and its directors whether on the grounds of accuracy, completeness or otherwise."

BLANKET EXONERATION

Clearly, Chhabria is of the opinion that in the light of subsequent revelations, this blanket exoneration is infructuous. Yet, it is a fact that Genelec was owned only to the extent of 33% by GEC and the latter, in recent years, had not exercised its right to nominate directors on the company's board. (Shaw Wallace's complaint erroneously states that GEC managing director Hemant Singh was a member of the Genelec board.)

The virgin issue of the corporate relationship between a company and its associate is now thrown up for debate. Can one, for example, talk in terms of "actual control" despite the absence of officially nominated directors? Besides, what about the role of non-executive directors who are normally not privy to day-to-day operational details? (Khosla's role in Genelec falls in this category.)

The argument that directors cannot claim 'immunity' merely on the ground of being non-executive board members can cut both ways. Thus GEC had handed over the manage-

ment of Genelec to the Chhabrias on and from 2 December 1988 itself, well over three months ahead of the actual share transfer taking place. The very next day, Shaw Wallace executive S. Ganesh was appointed vice-president (finance) of Genelec.

If non-executive chairman Khosla is deemed to have been in "actual control" of Genelec, the same can be reckoned for Chhabria. And if so, surely three months and more were long enough for the new management to gauge the soundness or otherwise of its investment and detect an allegedly wholesale fudging of accounts.

In retrospect, there seems to have been a gross error of judgement either on the part of Chhabria himself or at least his key advisers. As any seller would, GEC must have been portraying its wares in the best possible light; yet it was public knowledge at that time that Genelec was in serious difficulty.

A front-paged report in *The Economic Times* (2 December 1988) mentioned in fair detail the company's serious financial crisis, critical cash flow situation, the absence of short-term bank credit facilities and so on. The very fact that Chhabria was able to knock down the share transfer price from Rs 105 (which K.K. Modi had agreed to pay in August 1988) to Rs 65 shows that the deteriorating health of the company was a generally acknowledged fact.

Why was Chhabria then so keen to acquire Genelec? According to one perceptive analysis, Chhabria was working to a carefully outlined acquisition strategy at that time. Having already bagged Mather & Platt, he was out to get both Genelec and Gammon India so that his corporate base in India would acquire turnkey capabilities in the mechanical, electrical and civil engineering sectors.

Then, at one stroke, his capability would equal that of Larsen & Toubro, the only company with in-house skills in each of these three disciplines. In effect, although Chhabria had reconciled himself by end-1988 to giving up his aspirations about controlling Larsen & Toubro, implementing this three-pronged acquisition strategy successfully would enable him to outflank his arch rival Dhirubhai Ambani.

But so much for the proverbial plans of mice and men. For better or worse, the strategy did not work out. Instead, Chhabria is currently battling to preserve his credibility with his shareholders, investors and creditors. The criminal case against GEC corroborates his claim that Genelec's problems are not of his own making. The final arbiter, of course, will be the court of law.

■ *Sujoy Gupta*


KHOSLA IS IN THE DOCK

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CHINA'S HOTEL WOES

More than $3 billion (Rs 5,175 crores; $1 = Rs 17.25) in foreign loans to China's hotel industry are in trouble, as a slump in tourism combines with a room glut in most major cities. Hotel and real-estate deals — mostly loans — total $5.5 billion, and account for 35% of total foreign investment in China over the past decade, according to the ministry of foreign economic relations and trade.

Bankers in Hongkong admit that in the aftermath of the international boycott of China prompted by the June 1989 Peking massacre, most of their hotel loans are in difficulty. "They all want their debts rescheduled," said one European banker.

Roaring trade. About 90% of foreign hotel loans have been rescheduled or are in need of restructuring, analysts claim. Among the better known are the $85 million loan to the Shanghai Hilton, which was doing a roaring trade until last June; the $145 million loan to the Shanghai Centre, a mammoth commercial-residential project in central Shanghai; the $280 million syndication for the China World Trade Centre, another commercial-residential behemoth in Peking; and a number of smaller joint-venture hotels in Guilin and Xian.

"A few hotels will eventually go into bankruptcy, unless their bankers are prepared to sit on their loans for another 10 years," says David Tong, partner of Deloitte Ross Tohmatsu in Hongkong. So far, bank creditors have sued only one hotel developer in the Hongkong courts, though a number of writs have been filed against other Chinese borrowers over the past three years, most of which have been settled out of court.

A syndicate of seven banks, led by Standard Chartered Asia, is suing Tai Hing (Asia) Promotion Co. and its mainland Chinese guarantor, the Guilin branch of state-owned China International Travel Service, for defaulting on loans totalling $18.3 million. Tai Hing is the Hongkong-based joint venture partner of the Sheraton Guilin Hotel, which was dogged by conflicts between the partners halfway through construction. The 500-room hotel was originally scheduled to open in 1987, but this has now been indefinitely delayed.

Hotel loans generally have a duration of 10-12 years, with repayments falling due almost as soon as a project is built. This means the next two years will be the crisis period, since most of the loans were made in 1986-88, and it takes two to four years for a project to be completed. Tong points out that banks which lent with only weak guarantors are in a particularly unenviable position. Two years ago, there were more than 100 officially-sanctioned financial guarantors, some with operating funds of less than $10 million. That list has now been reduced to 10.

Hands-off attitude. Peking has, to date, maintained a hands-off attitude to the debt problems. "The government's attitude is you chose the guarantor, you accepted the risk," said a US banker. Although bankers find this attitude understandable, they nevertheless recall that in the early days Chinese government officials took pains to give the impression that the government stood behind each project.

Hotel projects could be funded for as little as 0.37% over Libor initially, but since the end of 1988 spreads have widened to around 0.87% and now few banks will lend at less than 1% over Libor, a banker said.

What excited bankers was the success of the Jiangguo Hotel, the first international-standard hotel in Peking after China opened up to the world in 1979. This joint venture hotel was built within two years and opened in 1982. Within three years, it had recouped its investment, and was fully booked all year round.

That was before last June. Since then hotels in tourist destinations such as Guilin and Xian have been worst hit by the tourist boycott. Tourist earnings in 1989 fell to $1.81 billion, 20% less than in 1988, and in marked contrast to the 10% rise forecast at the beginning of last year. — *Far Eastern Economic Review.*

WHO'S THE BIGGEST?

Industrial countries are obsessed with their standing in the world economic league. Americans are terrified that they are slipping behind the Japanese. Italians proudly proclaimed *il sorpasso* (crudely translated: yah boo, I'm richer than you) beyond Britain in 1987, when a rearrangement of their GDP figures made things look that way. This year Britain and France have been arguing about their positions in the IMF's pecking order, in which Japan is moving up from No. 5 to No. 2 (behind America). France is miffed at being demoted from fourth to fifth place, and thus still being behind smaller Britain (now No. 2 but soon to be No. 4).

Diplomatic fudges. IMF quotas are determined by the sizes of GDP, of trade and of official reserves. That allows it sufficient varieties of measure to make diplomatic fudges. Lots of other figures for fudgers can be called into play. There is no question that America has the biggest GNP, the Swiss the highest GNP per head and that Japan has lent most to the outside world. But every nation enjoys the top slot in something, even if (like Spain) that something is the industrial world's highest unemployment rate.

Our patient statisticians have scoured through figures for the 24 OECD

countries. Some seem to top the table time after time: America because of its size, Sweden because of its socialism. Sweden has the highest figure for public spending, taxes, social services and, oddly, also for individual share ownership.

Anybody doubting West Germany's economic prowess need look no further than its beer consumption

TOP OF THE LEAGUE	
Australia	Highest rate of home ownership
Austria	Highest tourist receipts as % of GNP
Belgium	Largest exports as % GNP
Britain	Highest spending per head on records, tapes and CDs
Canada	Highest energy consumption per head
Denmark	Biggest increase in farm exports in 1980s
Finland	Highest percentage of exports to Comecon
France	Highest alcohol consumption per head
Greece	Biggest budget deficit as % of GNP
Holland	Highest population density
Iceland	Highest number of sets of Trivial Pursuit per household
Ireland	Highest calorie intake
Italy	Highest rate of tax evasion
Japan	World's biggest net creditor
Luxembourg	Highest number of road accidents per 1,000 population
New Zealand	Fastest growth in employment in 1980s
Norway	Largest number of mobile telephones per head
Portugal	Highest rate of household savings
Spain	Highest unemployment rate
Sweden	Highest taxation as % GNP
Switzerland	Biggest GNP per head
Turkey	Fastest GNP growth in 1980s
United States	Biggest GNP
West Germany	Highest beer consumption per head

but it grew the fastest in the eighties. per head — the highest in the world. Turkey is the poorest OECD country, but it grew the fastest in the eighties. Britain? Recent Labour adverts have emphasised that it has had the fastest rise in interest rates in the OECD in recent years, and the biggest fall in its share of world trade in manufactures of any country in the eighties. Thatcherites can respond more tinnily that Britain has the highest spending per head on records, tapes and CDs.

France reels in with the highest alcohol consumption per head in the OECD. Iceland has the largest number of sets of the game Trivial Pursuit per head of any country in the world (all those cold, dark winters). This means that all Icelanders should know the answer to the question "which nation tops the eating league?" It is the Irish, who consume more calories per head than the guzzlers of any other OECD country. — *The Economist.*

OF COWBOY COUNTRY

For more than three decades, the international tobacco industry has been increasingly besieged by health warnings, advertising restrictions, smoking bans, and tax increases.

Cigarette consumption in the US and most West European markets is either declining or static — but the shrinkage has been far less acute than was once envisaged, according to Euromonitor, the market research agency.

The fall has been more than offset by heavier smoking in other parts of the world, opening opportunities for the multinationals in the Far East, Asia — where the Chinese puff through some 1,518 billion cigarettes a year — and in eastern Europe.

Profits have remained buoyant even in the mature markets. Despite a 6% fall in the volume of cigarette sales in the US last year, the industry raised operating profits by 10% to $7.2 billion (Rs 12,420 crores; $1 = Rs 17.25).

Selling cigarettes may be more difficult in the restrictive conditions of today's markets but it is still clearly rewarding. The question is: can the industry continue to prosper in the face of renewed hostility from the health lobbies and, in particular, a total ban on tobacco advertising of the kind now threatened in the European Community's $47 billion cigarette market?

Consumer concerns about the effects of smoking on health have prompted cigarette manufacturers to modify their products, progressively moving to lighter tobacco, and lower tar and nicotine yields.

First warning. Filter cigarettes took off in the fifties after the first warnings of the dangers of smoking. Filters now account for 95% of the US, UK and Italian markets, says Euromonitor. Substantial sales of untipped cigarettes are now made only in France, among the major western markets.

Manufacturers have tended to reduce tar content of established brands to stay one step ahead of government demands for lower levels. They have even made a virtue out of necessity, promoting new, low-tar cigarettes which have found favour with women and younger smokers, two important consumer groups.

Such concessions to the health-conscious have slowed the market decline — and on the back of them, the tobacco companies have competed fiercely for market share.

The most conspicuously successful competitor has been Philip Morris, the US multinational. Its leading cigarette brand, Marlboro, is probably now the second most valuable consumer brand in the world after Coca Cola.

Marlboro's sales volume grew by 72% in the eighties. It has been the leading brand in the US for 14 years, now accounting for more than 26% of the $36.6 billion market. It is a top three brand in West Germany, France, Spain, Greece, Switzerland and Finland.

Introduced in the forties as a woman's cigarette, Marlboro's marketing success began a decade later. Company executives, thinking that male smokers would be worried about the effect of filters on the cigarette's flavour, gave the task of reassuring them to Leo Burnett, the Chicago-based advertising agency.

Burnett created the Marlboro cowboy, a symbol of rugged individuality, for an advertising campaign that urged smokers: "Come to where the flavor is. Come to Marlboro country."

The campaign was an immediate success. By the time tobacco advertising on US television was banned in 1971, the brand was firmly established, and its advertising transferred easily to press and posters.

The brand has been consistently and heavily supported. In 1988, Philip Morris spent $282 million on US advertising, Euromonitor estimates. Marlboro's share of $119.3 million was four times the sum spent on the No. 2 brand, RJR Reynolds' Winston.

Marlboro rode the trend to lighter tobacco into Latin America, Asia and western Europe. It took the DM23.3 billion (Rs 23,766 crores) West German market by storm in the eighties. Philip Morris is now market leader with 27.6% of volume sales, more

than 22% accounted for by Marlboro.

Other international invaders — British-American Tobacco's HB brand, Reynolds' Camel, and the Rothmans-owned Brinkmann Lord Extra — have also made inroads into the volume share of Reemtsma, the major domestic cigarette producer. Its share has been reduced from 35.5% in 1978 to 25.1% in 1988. The group still has six brands in the top 10, but its leader, Peter Stuyvesant, is only number five with 5.3%.

International growth. The growth of international brands, again led by Marlboro, has been a feature of the FFr36 billion (Rs 10,980 crores) market, too. Seita, the state-owned tobacco monopoly, which makes Gauloises and Gitanes, still dominates with a 55% share. But it has been forced to defend its position by introducing "blonde" versions of its traditional brands.

In Italy, which banned all tobacco advertising in 1962 to protect its state-run industry, Marlboro has still been able to seize 20% of the market.

Paul Maglione, communications manager for Philip Morris (Europe), says Marlboro was able to do so because it was recognised as the leading brand of light, but full-flavoured US tobacco blends.

"The advertising ban in Italy coincided with the beginning of a more affluent period during which more Italians travelled abroad and were exposed to Marlboro advertising elsewhere," he adds. "It has been a long and gradual process."

The Italian advertising ban, it should be said, has not been totally effective in removing all traces of nicotine from the country's media. Others have managed to launch new brands there. BAT's Kim cigarettes, with a 2% share of the market, were introduced in the seventies by linking them with pop records and with clothes designed in the same colours as the cigarettes' packaging.

But Marlboro's success has been unmatched. "The effect of advertising restrictions has been to make the strong brands even stronger," says Ian Burkis, European affairs manager for Gallaher, the American Brands subsidiary, which dominates the UK's £7 billion (Rs 19,600 crores; £1 = Rs 28) cigarette market with Benson & Hedges, Silk Cut and Berkeley.

As nearly all UK cigarettes were made from lighter tobacco, the domestic manufacturers were much more successful than continental companies in resisting the incursions of American blends.

Even Marlboro has secured no more than 5% of the market. Philip Morris closed its UK plant last year and transferred production and distribution of its brands to Rothmans.

Gallaher achieved market leadership by putting its marketing resources into a limited number of brands — £12 million in Benson & Hedges, and £7.4 million in Silk Cut in 1988 — while its principal rival, Imperial, diluted its efforts on an overlong list.

It also proved more adept in surmounting the tightening marketing restrictions with creative, sometimes surreal, advertising campaigns.

A Benson & Hedges packet, for instance, was shown as part of Stonehenge; Silk Cut was represented by a slashed piece of purple silk. Others have tried to emulate it, notably Imperial's John Player with its "black" series of advertisements. But none has had the impact of the original.

Without access to all marketing media, and especially television, it has become increasingly difficult to challenge the entrenched market leaders.

"The deeper the restrictions on advertising, the longer it takes to establish a brand," says John Webb, marketing director of Rothmans (Europe). "It is much easier for the market leader to launch a line extension."

Marlboro has launched no less than 13 product variations, transferring its reputation for tobacco taste from the high-tar original cigarette to low-tar Marlboro Lights, and now to Ultra Lights.

Finding niches. "In any other consumer market, if the leader cannot be tackled head on, then the usual tactics for a competitor is to segment the market, to find a niche," says Webb. But with health lobbies and governments alert to any attempts to target specific consumer groups, such as women and young people, that is now virtually impossible in the tobacco industry.

Reynolds, faced with declining demand for its Winston, Salem and Camel cigarettes in the US, has recently encountered furious hostility to plans to market two new brands — Uptown, aimed mainly at blacks, and Dakota, allegedly targeted at young women.

In the US, at least, the only relatively successful new products have been those sold at discount prices; and in the UK, Euromonitor predicts that price will become an increasingly important factor as smoking becomes a mainly downmarket habit.

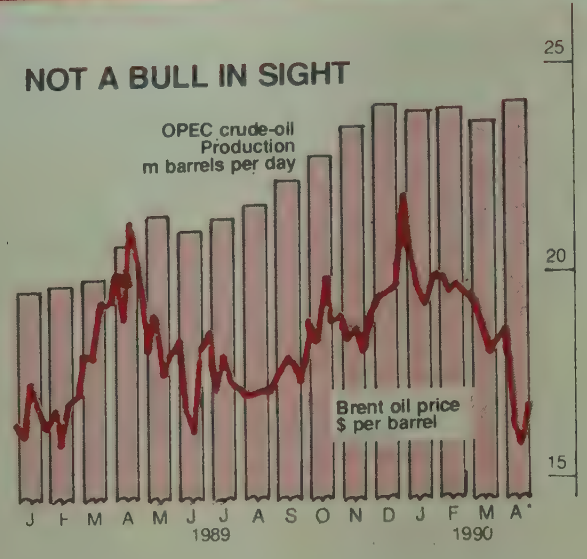
One of the industry's major concerns is that a total ban on advertising would accelerate the trend, perhaps leading to a price war. That would reduce profits — but the industry argues, it would also encourage more smoking.

"Like most consumer goods, cigarettes are marketed on image," says Maglione. "If you take away that marketing tool, take away the manufacturer's ability to compete on image, then price will become the main factor in seizing market share."

Burkis says: "A total ban on advertising would freeze market shares for a time Gallaher, with 43% of the UK market, for instance, might be expected to welcome that.

"But the values put into brands by advertising would soon begin to erode. A cigarette brand, like any other, needs constant and consistent support and occasional refurbishing. A brand has to be worked. You cannot just sit there and milk it."

Without advertising of any kind, the incentive, as well as the ability, to launch new brands — including the low tar products demanded by governments — would be substantially weakened, the industry claims. — *Financial Times*.



Source: The Petroleum Finance Company; *The Economist estimates

SLIPPING ON OPEC

For the 13 oil-exporting countries of Opec, spring is rarely sweet. This year it has been especially sour. In the four months to January oil prices rose by a quarter. Now those gains have been more than lost. By mid-April the price of a barrel had tumbled $6 from January's $22 (Rs 379.50; $1 = Rs 17.25) peak (see chart). A fall of that size is equivalent to a cut of more than $100 billion from the world's annual fuel bill.

There are several reasons why the oil price has fallen. During the northern hemisphere's winter, oil stocks usually dwindle; this year, thanks to warm weather and slowing economic activity, they rose. Events that left Opec smiling last year — like lower Soviet and British oil output and a European drought which cut hydroelectric generation and supplies of cooling water to France's nuclear-power stations — are now history.

Doubling decline. All this ought to have been good for, say, a $2-3 springtime fall in oil prices. The decline has been doubled because of the nonchalant way Opec's members treat their cartel. Opec's self-imposed quotas are both disputed and disregarded. Whenever oil prices begin to recover, its members boost their output in order to pocket extra revenue and grab market share from fellow carteliers. This leap-frogging invariably causes an even bigger output surge, which in turn brings falling oil prices.

Opec is now pumping more than 24 million barrels a day (see chart), 2 million more than a world glutted with stored oil can absorb. Even if the oil ministers of Saudi Arabia, Kuwait and the UAE, who met in Jeddah in mid-April, can eventually persuade members to tighten the taps, output will creep up again once prices rise above Opec's $18-a-barrel reference. Then the whole charade will start once more.

Ah, say oil bulls, but surely demand will soar in the nineties? Not necessarily. This year OECD consumption (70% of the world's total) will rise by only 1%, perhaps less — the smallest increase since 1986's price collapse. Nascent greenery has reawoken OCED countries' interest in conservation on a scale not seen since the two oil shocks of the seventies. The prospect for long-term energy supplies still looks good: last year the world discovered five and a half times as much oil as it consumed, and gas reserves are soaring. Opec's oil-output capacity is set to rise by 6 million or so barrels a day by the mid-nineties, keeping pace with likely demand growth; non-Opec oil production will climb steadily throughout the decade. As a result, real oil prices are more likely to fall than rise. Opec's third coming looks as remote as ever. — *The Economist*.

NEWS BRIEFS

■ **The Pentagon** scaled back plans to buy 132 B-2 Stealth bombers and other sophisticated fighter and strike aircraft, in the face of mounting pressure from Congress.

■ **McDonnell Douglas,** the US aerospace manufacturer, has signed a $1.3 billion (Rs 2,312 crores) contract to supply aircraft to **KLM Royal Dutch Airlines.**

■ Britain's **BAT group,** the tobacco conglomerate, is to sell Sak's Fifth Avenue, the luxury New York-based department stores group for $1.5 billion (Rs 2,550 crores).

■ Junk-bond-king-turned-failure **Michael Milken** pleaded guilty to six federal felonies and agreed to fines of $600 million.

■ The governments of East and West Germany set **2 July** as the date when the **D-Mark** will be introduced as East Germany's currency.

■ **Source Perrier's** relaunch is in troubled waters, with **J. Sainsbury,** one of the UK's largest food retailers, refusing to restock Perrier over quality control and labelling problems.

■ **Donald Trump,** the New York real estate developer, confirmed that he is raising cash by refinancing some of his prime assets. He might also sell others such as the **Trump Shuttle airline.**

■ Mystery buyers acquired a 3.17% stake in **Rolls-Royce** for about £60 million (Rs 168 crores).

■ The long-raging court battle between Henry Racamier and Bernard Arnault for the control of **LVMH,** the French drinks and luxury goods group, has ended in favour of Arnault with a court refusing to annul a portion of the 44% stake held by him.

■ The **Abu Dhabi** government has taken over the ailing Luxembourg-based Bank of Credit & Commerce International **(BCCI)** by building up a 77% equity stake. BCCI gained notoriety by its involvement in a huge drug money-laundering scam last year.

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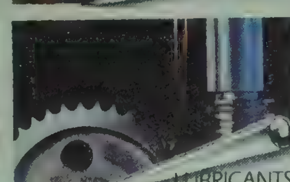

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THE GREAT HOTEL RACE

Suddenly, the floodgates are open. After years of yes-we-want-them, no-we-don't policy debates, the uncertainty is over. In 1989, six international groups got the green signal for joint ventures in India. Enough to jolt other international hotel chains to sit up and take notice. At home, leave alone the traditional chains, builders, brewers, bottlers, blacksmiths and buccaneers have begun to see a pot of gold at the end of the hospitality rainbow. And with domestic tourism itself set to boom, the Great Hotel Race is on.

The excitement is primarily for three reasons:

■ **Big names.** For the big hoteliers abroad, India is now the place to be. Sheraton has already been around for some time, but others — Holiday Inn, Hilton, the Hongkong-based Mandarin group, Kempinski, Ramada Inn, Club Mediterranee, the Regent Hotel group and Hyatt Regency — are also seeking entry or, if already in, expanding their areas of operation. Even the second rung chains — Days Inn, and Acor/Novotel, among others — are slated to make a debut shortly in a tieup with local groups.

■ **Unknown names.** The industry will no longer be the preserve of the Oberois, the Tatas, or ITC's Welcomgroup. New entrants, with little or no knowledge of the hotel business, are a dime a dozen. The Chhabrias of Shaw Wallace, the Makers and Rahejas of the construction industry, the Mahindras of Mahindra Ugine, Charanjit Singh of Pure Drinks, perhaps the Ambanis, and even controversial businessmen like Lalit Suri (of Sumitomo scandal fame) see hotels as a sunrise sector.

■ **Downmarket thrust.** The big growth is expected to come in the categories below five-star. Today's itinerant businessman or tourist is not star-struck: a decent bed and breakfast will do. Hence the rush into areas like three-star and budget hotels.

Not that no one's building five-stars anymore. Quite the contrary. According to the department of tourism, government of India, in the first 10 months of calendar 1989, nine five-star projects that promise an additional room capacity of 1,099 rooms were waved through. But the bigger action is down below. Ten four-star projects (additional room capacity — 608), 43 three-star ones (2,407 rooms), 16 two-starrers (528 rooms) and one solitary one-star hotel (40 rooms) also got the nod during the same period. And many of these are being promoted by people to whom hotels were where one spent money, not earned it.

OBEROI'S OLD BAND IS PLAYING SOME NEW TUNES

"We welcome newcomers — the more the merrier," says B.K.Goswami, director general of tourism. "The presence of new entrants will probably encourage newer products, a greater degree of innovation. This in turn will encourage tourism, which is the single largest foreign exchange earner in the country," says Goswami.

The old boys are certainly not sitting pretty. Though they are already well-entrenched in the five-star categories, the Big Three — Taj, Oberoi and Welcomgroup — are guarding their flanks at the lower end of the market by spawning second, or even third chains. Some are not yet sure of their positioning, but the Oberois seem to have no doubts on that score. Their new chain will be pitched in the three-star segment. "The three-star market is much bigger than the five-star deluxe market," says P.R.S. 'Biki' Oberoi, vice-chairman and CEO of East India Hotels.

Not that the five-star segment is saturated. "After all, there are many cities that do not have enough five-star hotels — Jaipur, Agra, Udaipur, for instance. But the growth is definitely in the three-star category," says Oberoi.

The Oberoi group's first experiment with budget hotels began with an acquisition in 1988 — the 174-room Pleasant Hotels Ltd. in Madras. Acquired from the Rane family, this Rs 17.5-crore hotel project, slotted between the four- and five-star categories, did not initially get the prestigious Oberoi label. It was called "Trident Madras" to differentiate it from the group's deluxe products. "At that time, there was a tremendous debate in the company. Everyone thought it was a wrong decision," says Oberoi. But the gamble seems to have paid off. "Even in the second year of operation, it is breaking even. This has never been done before," exults Oberoi.

QUICK REPLICATION

Spurred by success, Oberoi is seeking a quick replication at the Oberoi Bogmalo Beach in Goa and at least "10 others in the next five years, if we can find the land."

Also on the anvil is a third chain — a medium-priced budget hotel to be launched in collaboration with Acor of France, which owns the 220-strong Novotel chain in Europe. "These will be standardised products — not more than 100 rooms per hotel and the cost per room (Rs 8 lakhs) will be a third of that of the five-star variety." For the

first phase, five hotels will use the Novotel technical collaboration, franchise and marketing network. A market study of 22 cities is currently underway specifically for this project. Udaipur and Agra are the cities that are most likely to have the first two hotels in this chain, says Oberoi.

In keeping with the keep-it-separate philosophy, a new company styled Indus Hotels Corp. was launched as a joint venture in August last year. The 25% Oberoi stake in this outfit has been routed through East India Hotels. A direct Acor stake of 10% and another 30% foreign equity participation through Acor's worldwide business collaborators has been approved by the government. The balance will be offered to the public.

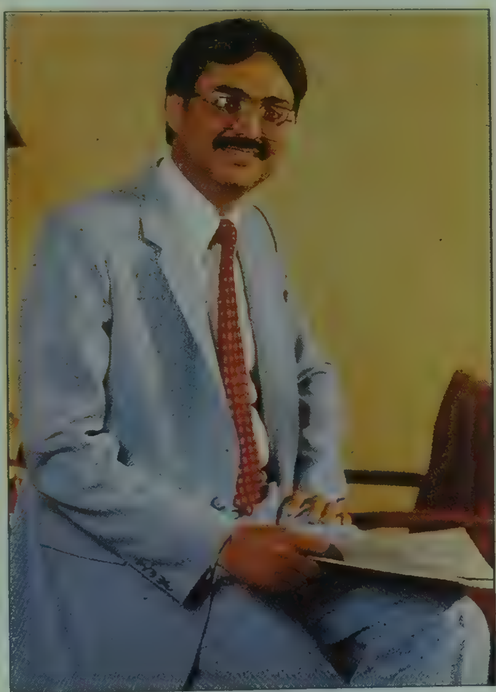
The proposals have already been blueprinted: an initial outlay of Rs 40 crores for 500 rooms. "The presence of our collaborators will ensure that a new culture is built up right from the start and that the hotels are built to Novotel specifications. It also means there is no scope for debates on what (kind of hotels) we should or should not have," says Oberoi.

In contrast to the Oberoi group's strategy of segmenting the market, the Taj chain's plans appear more nebulous. Its second chain — Gateway Hotels & Getaway Resorts Ltd. — is not being slotted as just a "three-star chain," says Camellia Panjabi, vice-president (marketing) of Indian Hotels. "We have never said that Gateway will be three-star hotels. Gateway will be the second line of hotels in metropolitan cities, but the primary chain in smaller towns and lesser-known places of tourist interest."

Information on this parallel chain is scanty, with Taj officials tightlipped. But at least three hotels are already in the Gateway network. In November 1988, a 37-room Gateway Hotel commenced operation in Chiplun, halfway down the Bombay-Goa road. Another 98-room Gateway Hotel on Residency Road, Bangalore, has been partially operational since October 1989. The Banjara in Hyderabad, tossed back and forth between Welcomgroup, Ajit Haksar's Indotel and, now, Indian Hotels, joined the fold as the third Gateway hotel in October 1988.

Equally reluctant to spell out its strategy for the second chain has been ITC's Welcomgroup. "We are looking certainly at the second chain concept but we are not ready to make an announcement as yet," said Y.C. Deveshwar, chairman of Welcomgroup a few weeks back. Press reports, however, already suggest that a second chain is being launched in south India under the banner of Fortune Hotels, but Deveshwar dismisses this as "disinformation."

On the contrary, the Welcomgroup thrust is upmarket. One plan has been firmed up — the decision to convert the 135-room Chola Sheraton in Madras "gradually into an all-suites hotel." A search is also on for a second property in both Bombay and Bangalore."But those will be in category



one — the five-star deluxe segment," says Deveshwar. (With Air India mulling over plans to rope in a private sector partner for its Hotel Corp. of India properties, including two in Bombay, the betting is that Deveshwar will also be in the running.)

Not to be left behind, the public sector India Tourism Development Corporation (ITDC) is poised to explore the marketing advantages of offering a range of products that span the deluxe and budget segments. "As I see it, the growth in the next few years will be in the five-star plus category and the one just below five-star. Although we offer a range of products, we have never really attempted to segment the market. We now feel that it is time to brand our products differently so that there is no confusion and the customer knows exactly what he is getting," says R.K. Lakshman, chairman and managing director of ITDC.

With this new growth thrust, ITDC commissioned two joint venture hotel projects in the three-star segment in 1988-89, one a 52-room property at Puri (Orissa) and the other a 21-room hotel in Pondicherry. Scheduled for commissioning in 1989-90 are a 47-room hotel at Bhopal (Madhya Pradesh) and a 20-room hotel at Itanagar in Arunachal Pradesh.

OBVIOUS ATTRACTION

The perceived accelerated rate of growth in the three-star category has been an obvious attraction for new entrants to pitch their products below

ITC'S OLD HAND DEVESHWAR (L) WILL SOON HAVE SOME YOUNG COMPETITION IN CHHABRIA & ANAND MAHINDRA (BELOW)

the luxury segment. But sympathetic government decisions (and that means easy finance, basically) have also influenced first-time hoteliers to look a rung or two below the five-star oases. For instance, approved hotel projects are eligible for loans from the Industrial Finance Corp. of India (IFCI) and other central financial institutions at a subsidy of 1% for four- and five-star categories. But the subsidy is as much as 3% for three-stars and below. The rationale: to spur not only upmarket and foreign tourism, but also to encourage the moneyed middle class to venture out of the portals of their cosy homes.

"Our tourist target for 1990 is 2 million arrivals. By the next five years, there will be demand for an additional 100,000 rooms. Looking at the trend worldwide, one can say that the average tourist today is not interested

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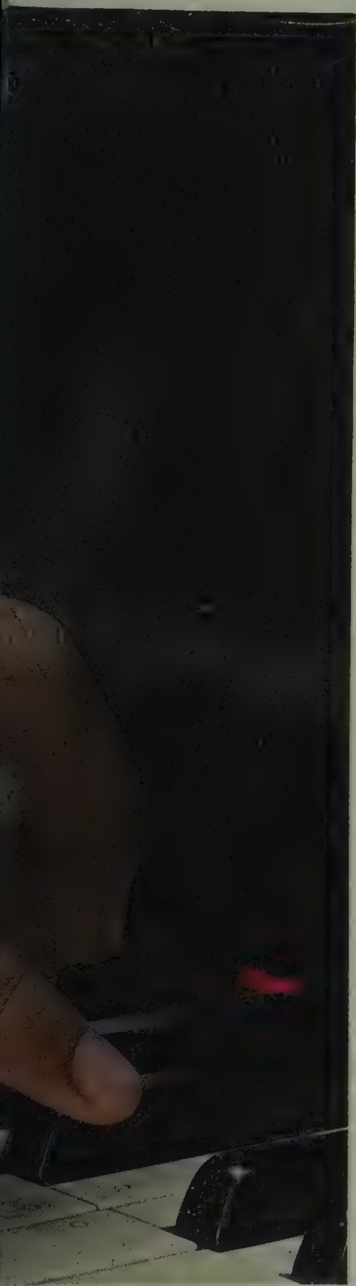

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LAKSHMAN IS GIVING DOWDY ITDC A REFURBISHED LOOK

Will economy class hotels mean poor standards? "Days Inn worldwide makes no sacrifice on standards. But we do cut out the glitz and frills," says V. Chandrasekar, president of Mahindra Days Hotels and Resorts Ltd., whose hotels will be called the Guestline chain.

Musco plans do not stop with the Days Inn tieup alone. Barely a month after the marriage was announced, a joint venture "software company" was kicked off, this time in collaboration with Bombay's well - known real estate developers, the Rahejas. Mahindra-Raheja Hospitality Services (MRHS), as the software company is called, has been launched with an initial capital of Rs 50 lakhs (Mahindras 51%, Rahejas 49%) to provide management expertise to the new Days Inn chain as well as other hotels that MRHS hopes to promote in the near future. "We are flooded with offers for franchising," says Anand Mahindra, deputy managing director of Musco and a key figure behind the hotel thrust. "Besides," he adds, "Days Inn hopes to add 100 rooms every year. So there should be enough business for the new company."

in spending on board and lodging. He is interested in clean, comfortable accommodation and wholesome food. Secondly, with disposable incomes in India on the upward climb, the desire to travel is a visible phenomenon. But a family of four cannot afford to pay Rs 5,000 a day just to sleep. Rs 1,000 or Rs 1,500 is a more realistic sum," says Goswami (quoted earlier).

That's why new hopefuls are rushing in. One of them is Mahindra Ugine Steel Ltd. (Musco), the private sector alloys and special steels company which signed an agreement with Days Inn of the US recently. The idea behind diversification into hotels from steel is an interesting one. "As we enter the 1990s, diversification into promising new areas is a must. As the leading alloy steel specialists in India, we are expanding in our core areas too, but our horizons are simultaneously getting broader and broader," says Harish Mahindra, chief executive of Musco.

To fulfil the huge demand for hotels that are mid-priced and functionally designed, but built with the "highest standards of comfort, cleanliness, efficiency and amenities" in mind, a joint venture company called Mahindra Days Hotels & Resorts Ltd. was launched in November 1989. With over 800 hotels in its US chain, Days Inn is believed to be the world's third largest. In the Indian venture, Days Inn will hold 30% of the equity, while Musco will keep 40%. The rest will be offered to the public.

The initial plans have been chalked out: a 60-room recreational resort at Attibele, near Bangalore, a 150-room, three-acre complex at Tirupati (Andhra Pradesh) and a 120-room functional hotel at Surat (Gujarat) to cater to the needs of the diamond merchants' community. Phase II will look at Pondicherry, Madras, Bangalore, Bombay and the Delhi-Agra-Khajuraho triangle.

HOTEL TARIFFS

		(In Rs)
Taj Group		
	Single	**Double**
President (Bombay)	1,400	1,600
Taj Intercontinental (Bombay)	1,950	2,150
Taj (Delhi)	1,750	1,900
Taj Palace (Delhi)	1,650	1,800
Taj Bengal (Calcutta)	1,600	1,800
Gateway Hotel (Hyderabad)	750	850
Gateway Hotel (Bangalore)	550	650
Gateway Hotel (Chiplun)*	399	499
Oberoi Group		
The Oberoi (Bombay)	2,200	2,400
The Oberoi Towers (Bombay)	1,950	2,150
The Oberoi (Delhi)	1,850	2,050
The Oberoi Grand (Calcutta)	1,650	1,800
The Trident (Madras)	1,000	1,100
The Krishna Oberoi (Hyderabad)	1,150	1,250
Welcomgroup		
Maurya Sheraton (Delhi)	1,725	1,925
Windsor Manor (Bangalore)	1,550	1,650
Sea Rock Sheraton (Madras)	1,300	1,450
Park Sheraton (Madras)	1,000	1,100
ITDC Group		
Ashok (Delhi)	1,450	1,600
Hotel Airport Ashok (Calcutta)	1,050	1,200
Small Hotel Groups		
Holiday Inn Crowne Plaza (Delhi)	1,750	1,850
Park Hotel (Calcutta)	800	1,000

Note: Rates (as of March 1990) exclude taxes, which are sometimes as high as 40-50% in some states.
*A/C rooms; rates for non A/C rooms are lower.

Mahindra isn't the only novice entering the business. Poised to enter is another big player in the Indian industrial horizon — the Chhabrias, who signed a memorandum of understanding with the Hilton group late last year. Under this franchising agreement, by 1992 the Chhabrias hope to open up two 350-room, five-star deluxe hotels in prime locations in Bombay and Delhi. And this will be just for starters. "Leisure is certainly the boom industry in the future. In the next five years, we will be looking at all segments of this industry — resorts, four-star hotels etc.," says Kishore Chhabria, chief executive of flagship Shaw Wallace.

But are they equipped to enter this service-oriented industry? "Not yet," says Samir Ghosh, vice-president of Shaw Wallace's hotels division, an assignment he took up after retirement from ITC in October 1989. "We have no real anxieties on this score. We will live and learn," says the one-time chairman of the Welcomgroup chain. He has help in Anil Channa, a former

vice-president of Welcomgroup, who is overseeing the Hilton tieup.

Clearly, competition will hot up in the near future with all these big names coming in. And one area where it could be hotter than the rest of the places is Goa, where two major international chains are jumping into the fray. After years of being wooed, Club Mediterranee, the classy European chain, has finally tied the knot with the Taj group for two projects — a resort hotel in Goa and a hotel in Tamil Nadu. In the meantime, Ramada Hotels India Ltd., a new company promoted in technical and financial collaboration with Ramada (UK) Ltd. by the Bombay-based Advani brothers — Sunder and Haresh — has set up shop promising a "total holiday" at its 140-room Ramada Renaissance Resort at Colva Beach. In this Rs 15 crore project, Ramada (UK) has invested in the equity (stake: 10%) of a franchised property for the first time ever. "This is because of their confidence and long association with Sunder Advani, the vice-chairman and managing director of the company," says an enthusiastic Haresh.


SUNDER ADVANI IS HOTTING UP GOA

Two other tieups involving renowned international chains, but not so contemporary, have been riddled with controversy since inception. The 500-room Holiday Inn in the heart of the nation's capital, promoted by Bharat Hotels Ltd. in collaboration with Holiday Inn USA, has many firsts to its credit. Now known as Holiday Inn Crowne Plaza, it has 55 suites to choose from, all of which are located in a separate tower called the Presidential Tower. For those who require that extra bit of pampering, for Rs 10,000 a day the Imperial Suite throws in its own limousine. Below that, the service is graded depending on one's pocket and preference: it peaks at a daily rate of Rs 3,500 for an executive suite and Rs 2,500 for an Indian suite. The other rooms conform strictly to the Holiday Inn International specification range and cost Rs 1,750-1,900 (for single occupancy) and Rs 1,850-2,100 (for double occupancy).

But even as Bharat Hotels is looking outwards to spread its network to Bombay, Goa, Jaipur and Hyderabad, there exists that spot of embarassment about its dues to the New Delhi Municipal Corp. (NDMC). The story doing the rounds in Delhi is that Lalit Suri (chairman of Bharat Hotels) exploited his close connections with the former government and got himself allotted the prized plot of land on which the hotel is located. But that is not the end of the story. Bharat Hotels has apparently been wayward in paying its licence fees to the NDMC even though the latter bent over backwards to offer a moratorium and easy repayment schedules. According to an NDMC report, by 1988 Suri owed the NDMC Rs 7.25 crores by way of licence fee arrears alone. But payment hasn't been made.

Of course, Suri isn't the only hotelier with unpaid bills in the capital. Another one is Pure Drinks chief Charanjit Singh, whose Meridien Hotel owed NDMC a whopping Rs 16.08 crores in 1988.

With such company, minor irritants like NDMC dues don't seem to have affected the performance of Suri's hotel. On 10 November 1989, just 10 days after its first anniversary, Holiday Inn Connaught Plaza (old name) was conferred the coveted Holiday Inn Crowne Plaza status. Crowne Plaza Hotels are the upmarket segment of Holiday Inn International — a plusher version of traditional Holiday Inn hotels. There are only 26 Holiday Inn Crowne Plaza hotels in the world, and so, by making his New Delhi hotel the 27th, Suri' has certainly achieved crowning glory.

Another hotel which refused to allow controversy to crowd out hospitality was Bombay's five-star deluxe, 280-room airport hotel, the Leela Kempinski. (The hotel exceeded its allotted floor-space index, but friends in Delhi allegedly helped the promoters get away with it.) "All that is now behind us," says Vivek Nair, managing director of the group.

Quite. Last year, the hotel was con-

THE BANJARA CASE

In an industry where changes in the ownership of property and management are not unheard of, the Banjara takes the cake. The first five-star luxury hotel in Hyderabad's Banjara Hills, this purveyor of hospitality has changed looks and culture several times to suit the requirements of whoever its owner happened to be. Currently it's run by the Tatas' second chain, the Gateway Hotels & Getaways Resorts Ltd.

Promoted by a Ghevanchand Jain, the Banjara was incorporated as a private company on 26 July 1971. In its first incarnation, the collaborator for the 112-room hotel was Holiday Inn, and so the design was in keeping with Holiday Inn traditions. Then Welcomgroup took it over, and till the mid-eighties it sported a different look. When Welcomgroup said the Banjara was no longer welcome to belong to the chain, it came under the Indotel banner, then headed by Ajit Haksar.

Another facelift. Currently, yet another facelift is underway, this time under Gateway Hotels. But the going won't be easy. For, the fundamental problem with the Banjara is that it has tough competition. With Hotel Krishna Oberoi (also on Banjara Hills) and India Tourism Development Corporation's Bhaskar Palace Ashok already well-entrenched in the five-star market, the Gateway Banjara may continue to be seen as just a third choice hotel, partly because of its confused positioning.

Camellia Panjabi, vice-president (marketing) of the Taj group, is however optimistic. "With the Banjara being categorised as a Gateway hotel, it will clear all the confusion," she says. The Banjara's past track record, however, doesn't inspire confidence that the hotel won't live up to its nomadic name.

fident enough to ditch its Penta tieup in favour of the more upmarket Kempinski chain (owned by Lufthansa Airways), which provides a marketing network worldwide. With business on the upswing, Nair is already implementing expansion plans. In Bombay, another 208 rooms are being added, while Hotel Leela Beach, a 180-room resort hotel in Goa, is likely to open its doors in September 1990. After that, it will be *Delhi chalo*: on the anvil also is a 375-room hotel in Delhi. The formula for success, claims Nair, is a "tightly-run operation and a good product. We are very conscious of maintaining standards — every three or four months, chefs from the Kempinski chain come down to train our chefs. Besides there are executives stationed here to supervise food and beverages, as well as the marketing functions."

TAJ'S ZODIAC GRILL LOUNGE: ADD-ONS & NEW COME-ONS

Importing personnel from the franchising chain to oversee operations has been a practice followed consistently by another unit — Asian Hotels Ltd., the owner of Delhi's Hyatt Regency.

Promoted in 1983, this Rs 4 crore hotel project has notched up many firsts. "Hyatt Regency Delhi was one of the first in India to introduce the concept of an executive club — a hotel within a hotel concept — to cater to the needs of the upmarket business traveller. We were the first to introduce a page boy service and a 24-hour business centre amongst other things," claims a Hyatt spokesman.

The strategy has worked. In the period from 1 October 1987 to 31 March 1989, Asian Hotels earned foreign exchange to the tune of Rs 28.64 crores, making it the largest foreign exchange earner in the single unit hotel chain category.

If the relatively new entrants have foreign labels and swank hotels to woo the peripatetic corporate customer, the oldtimers are not without their bag of tricks in the areas of innovative marketing and add-ons. Some are operating on the axiom that the way to a businessman's heart is through his stomach. In November last year, Bombay's Taj Mahal Hotel opened its Zodiac Grill, billed as "the country's best continental food restaurant." So what's new, especially if there's a fat bill at the end of it all?

Answer: barring the booze, there is no bill. For the gourmet fare that is served, the discerning customer is expected to leave what he thinks is fair and appropriate. It is presumed that the *hoi polloi*, who are not *au fait* with French menus, will not venture into this eatery and, therefore, not be embarrassed. "So far our experience has been very good. We have a regular clientele and most people have been paying too much rather than too little" says Farokh Unvala, manager of the Grill.

To give itinerant executives a flavour of the *desi* stuff as well, the Taj group's Gateway Hotels offer local delicacies. The Indian restaurant in

HOTEL-BUILDERS

Among all the new hopefuls assembled at the starting post in the Great Hotel Race, the builders are a breed apart. Reason: with their easy access to prime property and their knowledge of the real estate business, they have a natural advantage over others.

Not surprisingly, two of them have already taken the plunge: the Rahejas and Makers of Bombay. If they've made no waves, it's entirely in character. Particularly self-effacing are the Rahejas. "We don't even put up a board until a project is ready and complete," says G.L.Raheja, who agreed to an interview with the utmost reluctance.

But even without the fanfare, his K. Raheja group of hotels is already graduating out of the bit-players' league. The group owns three five-star properties — the 125-room Ramada Inn Palm Grove on Bombay's Juhu beach, the 65-room Resort Hotel off Bombay's Madh Island, and the 100-room Carlton Hotel in Kodaikanal, Tamil Nadu.

More are in the works. Though the sites chosen are a closely guarded secret, over the next five years several Raheja hotels are scheduled to open their doors to the public on prime properties in the major metros.

Managing and marketing these properties is the Rahejas' own in-house consultancy outfit, Residency Hotels Pvt. Ltd. Partially owned and run by two seasoned hoteliers, Rajiv and Roshan Chopra, Residency provides turnkey services "right from inception to recruiting personnel and managing day-to-day operations," says Rajiv.

However, with more ambitious projects in the pipeline, the Rahejas have teamed up with the Mahindra Ugine Steel Co. (Musco) and promoted a software company called Mahindra Raheja Hospitality Services to manage the Days Inn franchising network of the Mahindras.

Unlike the Rahejas, the Maker group's entry into hotels was apparently prompted more by chance than design. The availability of a plot of land in South Bombay's upmarket area of Cuffe Parade fired the imagination of R.A. Maker, chairman of Makers Development Services, leading to the setting up of a hotels division.

Currently headed by Surendranath Gadhoke, a former Welcomgroup executive, the Maker hotels division owns property in Pahalgam and Srinagar in Kashmir. In Hyderabad, another Senator hotel (the brandname of the Maker variety of hotels) has been awaiting clearance for many months now. Plans for other hotels are also being drawn up, but no further details are available currently.

Oldtimers in the hotel industry have doubts about whether the real estate tycoons can metamorphose into gracious hosts. "They think a hotel is a building. On the contrary, it is people, it is service," says one hotelier.

The builders-turned-hoteliers are not perturbed. "We will learn," is their refrain.

Gateway Banjara will serve Andhra specialities when it opens; the Karavalli in Gateway Bangalore serves Kanara food and the Chiplun (Maharashtra) Gateway has Konkanese food on the menu to initiate the Goa-bound traveller to hot food.

Innovative eateries have been the hallmark of the capital's five-star hotels in the last decade. But competition is growing. After being the first and only restaurant to serve frontier food for years, the Welcomgroup's Bukhara in Maurya Sheraton now faces competition from the new Frontier restaurant housed in ITDC's Ashok Hotel. But "Dumphukt," the newest Indian restaurant in the Maurya, continues to be packed even on weekdays.

Also available now is Asian food in its distinct regional flavour. Broad-banded, till recently, under the Chinese food banner, ITDC's Ashok now has a Japanese restaurant. The Taj group's President in Bombay and West End in Bangalore have Thai restaurants that are claimed to be doing quite well, thank you. The message is clear: though hotels may be the new sunrise sector, there is no room for complacency. At a time when technological obsolescence can erode market shares and bring down profitability by three or four notches all of a sudden, product upgradation and renovation are buzzwords in the hotel circuit.

Lack of it certainly cost the Apeejay group dearly. Its Park Hotel in Calcutta has slipped in the hotels league despite its prime location in upmarket Park Street. To recover lost ground, "we have started a massive renovation programme," Surrendra Paul told *BusinessWorld* a few weeks before he was assassinated in Assam. But if the slow growth in the 250-room Park Hotel in Delhi is any indication, the Pauls will have to do a lot more to set their house in order.

The Welcomgroup chain is taking pre-emptive steps to prevent any such decline in existing hotels even while setting up new ones. With a network of 18 hotels in 17 cities, it proposes to invest Rs 160 crores in the next five years in expansion and renovation programmes. The projects underway are across the country — a brand new 200-room, Rs 23 crore hotel in Hyderabad, a 225-room, Rs 25 crore *haveli* style hotel in Jaipur — the largest in Rajasthan. Then there are renovation programmes: the 100-year-old, 90-room Nedou's Hotel in Srinagar "will be restored to its former glory" once Welcomgroup invests Rs 10 crores on its renovation. The Sea Rock Sheraton in Bombay is being upgraded to five-star deluxe status and Rs 20 crores have been earmarked for this exercise. Windsor Manor Sheraton in Bangalore will have an additional 130 rooms (cost: Rs 8 crores) while the Park Sheraton in Madras will have 140 additional rooms (cost: Rs 10 crores). The Chola Sheraton in Madras is being gradually converted into an all-suites hotel — the first of its kind in India.

LOUNGE OF HOLIDAY INN CROWNE PLAZA: UPMARKET GLITZ

SHARE OF WOES

Not that the going has been good all the way. With a turnover of Rs 90 crores in 1985-1989 and an average growth rate of 20% in the last five years, Welcomgroup has had its share of disappointment. "In the four years since 1985, the chain has dropped hotels that did not measure up to Welcomgroup standards and we have become more conscious about taking on new properties until they are of an acceptable level," says Deveshwar. And some of the dropouts have left behind their share of problems.

The Taj group has also had its share of woes. After knocking at West Bengal's door for almost 14 years, Taj Bengal opened its doors finally in October 1989, 18 months behind schedule. But the Rs 25 crore project for a President-type, 200-room mid-priced hotel in Bombay seems to have run aground. Undaunted by such setbacks, a 150-room hotel is being commissioned in Lucknow (cost: Rs 15 crores). Meanwhile, the renovation work at Taj Mahal Hotel, Delhi, the Madras Connemara and the Taj Mahal Hotel in Bombay is nearly complete.

This effort at product upgradation is not confined to the private sector alone. With its performance graph on the upswing — a healthy 12% increase in turnover from Rs 94 crores in 1987-88 to Rs 106 crores in 1988-89 and a 14.6% increase in foreign exchange earnings from Rs 41 crores to Rs 47 crores in the same period — the public sector ITDC chain of hotels is embarking on a massive refurbishing programme to dump its dowdy image. "By 1991-92, our hotels should be on a par with those managed by the private sector, " says R.K. Lakshman, managing director. "We are spending Rs 8 crores on renovation this year; next year the target is to spend Rs 7 crores. And all this without shutting off the hotels."

Not to be left out of the international tieup scramble, ITDC is on the lookout for an overseas partner. "I see the Ashok group (as the ITDC chain is called) carrying a suffix to its name in the next six months " says Lakshman. "But I cannot disclose the name — not yet."

From a sleepy industry dominated by three large groups two decades ago, the Indian hotel industry is now witnessing an energetic and furious tempo. The second chain of hotels spawned by the established groups, the emergence of new entrepreneurs willing to take greater risks, and the presence of well-known international chains have triggered off new trends in the hospitality market. Both for the domestic traveller and the foreign tourist, it could mean a whole range of products to choose. And, perhaps, better service with a better smile.

■ *Debjani Sinha*

MODI THREA

COMMITMENT TO EXCELLENCE

We firmly believe that Quality Control is not just a departmental function or a stage in the production process but it is the core of our work culture. It is this belief that has motivated Modi Threads to grow from Strength to Strength. We have been able to achieve a high level of quality and productivity with the efforts and aspirations of the staff members at various production levels. At the intermediate production stages, stringent measures are adopted for process control to achieve optimisation of quality, while improving productivity and reducing production costs. The staff and workers are imparted comprehensive training programmes and are constantly kept updated with the latest technologies available in the industry. Visits of the foreign technicians are organised from internationally reputed companies, to Modi Threads plant to render technical expertise and training.

Inspired by the company's philosophy of "Growth through Excellence", the performance of the company has improved substantially, despite the crisis in the textile industry, which was due to the shortage of raw materials, high cost of industrial inputs, obsolescence, low productivity, surplus labour and high wage structure.

The demand for modithreads has been increasing, reflecting the customer's preference for modithreads, for their strength, quality, fast colour, durability and guaranteed meterage. The increased product mix has shown remarkable increase in sales and market acceptance. The customer service has been distinctly enhanced with larger distribution network.

The highly efficient marketing infrastructure, consisting of seventeen sales offices in India and an overseas office in London, has been successful in marketing modithread products in India and abroad.

Sophisticated computerised systems have been introduced in all critical functional areas like Marketing, Sales, Production and Finance.

CUSTOMER SERVICE

At Modi Threads, staff members at every level are trained and motivated to pursue client service and commitment. Being in the thriving consumer business, we always look forward to challenges and stimulating relationships with our industrial and retail customers.

EXPORTS

Modithreads are in great demand in over fifty countries including U.S.A., Europe, Middle East and South East Asia. Repeat orders received from these quality-conscious countries reinforce their faith in the quality and reliability of our products.

During the year under consideration, exports achieved have improved and efforts are underway to increase the exports to more than Rs. 2 Crores in the current year.

A major breakthrough in the export efforts has come from one of the reputed concerns from U.S.A. for the purchase and distribution of embroidery and handicraft threads in the U.S. markets. Our buyers in U.S. are confident that within ten years Modi Threads will dominate the U.S. market.

In addition to direct exports, modithreads are used for manufacturing garments, leather goods and handicraft items which are exported in bulk quantities, thereby earning substantial foreign exchange.

Dear Friends,

It gives me great pleasure to welcome you to the Sixth Annual General Meeting of your Company. It is my privilege to present the Sixth Annual Report and review for your kind consideration. This year we have consolidated our position as India's first Haberdashery Company. The turnover has increased commendably, promising an encouraging growth pattern.

FUNDAMENTAL OBJECTIVES

To augment the industrial development of Indian economy with the firm conviction that international technology and knowhow exchanges are conducive to greater prosperity and interactions between different companies, all activities at Modi Threads whether of a policy or technical collaboration, seek to promote export, create job opportunities and to make India a self sufficient and a self reliant country.

We are striving to create economy systems based on the principle of the competitiveness of business enterprises.

We believe firmly in the paramount necessity of exchange of technologies, respect for high standards, equity and good faith in international, professional and business relationships.

To foster economic growth, every enterprise has to introduce the latest technology, knowhow and service. It is essential to translate the principles into quality products and practical services to the consumers. This has helped Modi Threads to achieve its targets.

DIRECTORS' REPORT

The Directors' Report and audited statement of accounts for the year ended August 31, 1989 have already been circulated and with your permission I will take them as read. The financial achievements during this period reflect the company's growth and development programmes and also its capacity and confidence to reach new horizons.

MAIDEN DIVIDEND

Modi Threads Limited has shown excellent performance in the year ended August 1989. The turnover reached a level of Rs.40.58 crores. The gross profit stands at Rs.4.9 Crores. The company has proposed a maiden dividend of 12.5% on the Equity Shares.

CURRENT YEAR PERFORMANCE

The sales during the first seven months of the current year are Rs 33 Crores. The Company hopes to achieve a sales turnover of Rs 60 Crores by August 1990. For the year September 1990 to August 1991, the company is confident of achieving a turnover of Rs 100 Crores.

DS LIMITED

We are confident that our domestic and overseas customers will continue to patronise modithread products. We are very grateful to them and assure them of our commitment and co-operation at all times.

HABERDASHERY COMPANY

The first step in this direction has been the successful launch of Modiknit 100% Acrylic Knitting Yarn of International Standard, manufactured from Acrylic Fibre purchased from Courtaulds, U.K. It is being marketed in five varieties: Chunky, Barella 4, Concorde, Lotus and Daisy. Modiknit Acrylic Knitting Yarn has already made a distinct mark in the domestic market, and its export potential is also promising.

For the first time, Modi Threads has set up a Design Service to help its valued customers. International knitting patterns have been introduced by Modi Threads to make it easier for ladies to knit latest designs with Modiknit yarn.

Modi Threads has emerged as India's first Haberdashery Company with a complete range of threads and accessories, namely Needle-work Kits, Printed Canvas, Embroidery fabrics like Aida in 11, 14, and 18 counts, Canvas Fabrics like Binca and Penelope of International quality.

Tapestry woollen and Acrylic Yarns, another first from Modi Threads have also been developed and launched in the market.

A wide range of Stranded Cotton, Pearl, Crochet, Knitting Cotton and Machine Embroidery threads in varied range of colours are just a few from the exclusive product range.

Complementing the haberdashery range, are allied items like lace, interlinings, zip fasteners from YKK Japan, Fuji Hand & Machine Needles from Japan and Elastomeric Fabrics from Courtaulds, U.K. With these accessories, the Haberdashery range becomes the most advanced in the country.

DOMESTIC AND INDUSTRIAL THREADS

Modi Threads has to its credit a wide range of industrial and domestic sewing threads to keep pace with the growing markets. Responding to the needs of the booming garment industry in India which has switched over to high speed sewing machines, Modi Threads have introduced various high quality threads. Most popular amongst these are the Synthetic Range and high performance threads like Polyester threads, Spun Polyester, Nylon Threads, Continuous Filament Nylon Threads and other blended variety of threads.

Modi Threads offer the widest range of threads which include Bag closing and hosiery stitching, thread for the leather industry, Industry Sewing, and threads to meet all types of requirements.

MODI THREAD TO SET UP PLANT IN U.K.

Modi Threads signed a Memorandum of Understanding with Holdsworth and Gibbs, U.K. in the first week of March '90, to set up a joint venture Private Limited Company in Swinton near Manchester U.K., for the manufacture, sale and distribution of cotton and polyester threads, embroidery, crochet, machine knitting and hand knitting yarn. This is a great achievement for the company as it will be able to gain access to the EEC countries before its unification in 1992, when entry is expected to be very tough. This project reflects the recently announced Policies of the present Government to set up Joint Ventures abroad.

Modi Threads and Holdsworth and Gibbs will subscribe and pay for the joint venture equity in the ratio of 50/50 for the total share capital.

A modithreads range

Under the agreement, Modi Threads will be exporting semi-processed threads and yarns. U.K. and almost all West European countries constitute a large market for sewing threads, embroidery, crochet and hand knitting yarns. Modi Threads has already made a significant entry in these markets.

BACKWARD INTEGRATION

Modi Threads is now looking beyond threads into varied areas which have enormous potential and possibilities for growth and development. These projects are progressing rapidly for backward integration. Some of the steps initiated in this direction are to make the company self reliant to produce basic raw materials like Acrylic Fibre.

DIVERSIFICATION

A number of projects are on the anvil, while others are progressing rapidly. It is our endeavour to evolve a structure, wherein each one of our projects and units enjoy a high degree of autonomy and function as self contained profit centres. This will promote each new venture with the freedom to manufacture as well as to buy or sell in the market place according to its own judgements and evaluations. And thus respond promptly to customer needs.

PUBLIC ISSUE

We are planning to float Modi Threads Public Issue of Equity Shares for which the necessary approvals from the Controller of Capital Issues have already been received.

ACKNOWLEDGEMENTS

I would like to thank all staff members, without whose support and commitment, we could not have achieved the progress we have made and hope to achieve our ambitious targets in future. I am confident, with their dedication and sincere efforts, the company will continue to prosper. I also take this opportunity to thank our esteemed Shareholders, Bankers, Financial Institutions and Collaborators who have given us their valued support and cooperation at all times.

SATISH KUMAR MODI
CHAIRMAN

Excerpts from the speech of Shri Satish Kumar Modi, Chairman, at the 6th Annual General Meeting of Modi Threads Limited held on 30th April, 1990.

Note: This does not purport to be a record of the proceedings of the Annual General Meeting.

Kr...: MTI 90

G.R. KULKARNI has been appointed chairman and managing director of Petron Industrial (I) Pvt. Ltd.

G.P. SINGH has taken over as executive director at National Hydroelectric Power Corporation (NHPC).

T.V. RAMAMURTHY has been promoted as addl. general manager (finance) at Indian Oil Corporation's marketing division hq. in Bombay.

P.P.S. HARIPRASAD has taken over as director (finance) at Electronics Corporation of India Ltd., Hyderabad.

K.S. RASTOGI has taken over as chairman and managing director of RIICO.

JOHN D'SILVA has been elected director on National Federation of Urban Coop. Banks & Credit Societies Ltd., New Delhi.

BALWANT SINGH has been appointed managing director of GMDC.

P.N. KHAR has taken over as executive director, region I, of NHPC at Jammu.

VIJAY THADANI has taken over as chief executive officer of National Institute of Information Technology (NIIT).

T.P. RAGHAVAN has taken over as executive director (marketing operations) of Indian Oil Corporation.

BAIJAYANT PANDA has joined as joint managing director of Indian Charge Chrome Ltd.

VINAY RAI has been elected president, Indian Electrical & Electronics Manufacturers' Association (IEEMA).

TRIBENI TISSUES BOUNCES BACK

AGRAWAL HAS MUCH TO SMILE ABOUT

Suddenly, the future has arrived at Tribeni Tissues, the small and sleepy Calcutta-based multinational which had been hibernating for a large part of the eighties.

Rip Van Winkle is now finally awake. As the results for 1989-90 declared at the board meeting on 16 May indicate, the company is now making money — indeed, lots of it. The vim in its bottomline apart, Tribeni stands out as a star performer and an exception in India's otherwise lacklustre paper industry on yet another count.

Following the trail blazed by sister company Bhadrachalam Paperboards, Tribeni has undergone a double-quick catharsis to emerge as an utterly market-driven company, a rarity in its sector. Emphasises chairman Krishan Chugh (who is also vice-chairman of ITC): "We accept that the customer is the only reason for our being in business."

Today, Tribeni's hardnosed and eminently successful hunt for profits begins with a dedicated search for tailormade solutions to existing or prospective customers' speciality paper problems. "Proactive interaction with customers is the key," explains managing director R.P. Agrawal, earlier a leading light of Chugh's A-team at Bhadrachalam which dazzled the corporate sector through the eighties with its string of productivity records.

Coupled with this problem-solving approach has been a neat piggyback ride on the distribution channels available with ITC and Bhadrachalam Paperboards. This conveniently cut through the Gordian knot of building up a network *de novo*. "We acquired marketing muscle within days, not weeks," recalls Agrawal.

At one stroke, far flung new markets opened up for Tribeni in areas as far apart as the southern states and Gujarat for new, value-added speciality products. Profits have followed, simply because production is now geared not to manufacturing ability ("the technological kick," in Chugh's words) but to viability ("the business kick").

Nothing succeeds like success, and the market-led reorientation has worked so well that the company's internal 1989-90 profit plans had to be revised upwards thrice in the course of the year. And the final figure, representing a return on sales of close to 10%, exceeded even the last revised plan estimate!

The company also overcame the numerous hurdles inherent in India's permissions-and-clearances-raj to get its industrial licence re-endorsed for a manufacturing capacity of 33,000 tonnes per annum (tpa) up from 13,500 tpa currently. For a foreign (i.e. Fera) company, and that too in the core sector, this was no mean achievement. A Rs 40 crore expansion is already underway.

CHAMPAGNE-POPPING TIME

Clearly, it is champagne-popping time at Tribeni Tissues. Yet, when the company turned over a new leaf in August 1988 following its acquisition by Batco UK (also ITC's overseas principals) there were no dearth of Cassandras. Too many things were going against the company, they argued.

For one, it was heavily dependent on one product (cigarette tissue) for profits. The significant fall in cigarette production in the mid-eighties — from 96 billion sticks (1985) to 78 billion (1987-88) — literally knocked the breath out of Tribeni, leading the then chairman and managing director N.G. Choudhury to gloomily note in his report to shareholders datelined March 1988: "Cigarette production during the year underwent a massive cut which resulted in a substantial lower offtake of cigarette paper. Further, for the first time, an element of competition in cigarette paper has come into the market."

For a company already treading thin ice on profitability, the prospect of battling with competition was clearly frightening. Lulled into complacency by years of monopolistic domination, Tribeni did not even have a marketing setup worth the name. The quintessential production-led company, its pride lay in manufacturing 104 different varieties of speciality paper, many of which sold in minuscule quantities and were cost-ineffective.

Not surprisingly, these alarm signals pushed majority shareholder Wiggins Teape against the wall. By announcing its decision to sell off its 51% stake in Tribeni Tissues, it plunged the latter into an unfortunate state of uncertainty. By mid-1988, this uncertainty was at its peak — and business at its nadir.

The rest is history. In mid-1988, Batco decided to buy out the 51% stake in Tribeni from sister company Wiggins Teape (see Spotlight story in *BW* 20 July-2 August 1988). Batco's gameplan was to energise Tribeni Tissues through synergetic transfer from associate companies ITC and Bhadrachalam Paperboards.

The strategy got off to a flying start

(L TO R) MUNDAS, SHARMA, SAHA & SEN HELPED ENGINEER A TURNAROUND

from day one. As a first step, both ITC and Bhadrachalam agreed to let go of a few of their brighter sparks to enable Tribeni plug its human resources gaps. At the apex level, Bhadrachalam Paperboards' chairman Krishan Chugh was appointed chairman at Tribeni Tissues as well, while R.P. Agrawal moved to Calcutta from Hyderabad to succeed the superannuated N.G. Choudhury. Three other secondees from ITC and Bhadrachalam came in to fill specific vacancies in the purchasing, marketing and engineering functions.

Senior Tribeni-ites believe that a principal reason why motivation levels are high today is that the 'new' management left the old organisation intact. Most of them were taken in by Agrawal's early policy pronouncement that "we shall succeed with the same people." As such, neither were there any dismissals, nor new lateral inductions and placements beyond the specific vacancies cited above. Down the line, managerial and operational teams were left untouched.

"I relied on two basic strengths to effect the turnaround: our people and our technology," explains Agrawal. He says in-house expertise was of a high order, as was the technological timbre. "Installed technology, in particular, was of good quality. Of course, it needed modernisation but essentially it was relevant and capable of delivering speciality products."

DEMONIC ZEAL

Armed with this foreknowledge, Agrawal launched his shopfloor productivity drive with demonic zeal. No detail was too trifling to be overlooked: "The mill was and is the heart of the company, and to energise all our staff there was a topmost priority." Vice-president (administration) I.K. Saha, based at the mill site near Tribeni town (80 km from Calcutta), claims that getting the 1,300 workers to respond needed neither carrot nor stick. "Rather, when the realisation of the disastrous impact on the bottom-line of continued low productivity dawned on them, the result was an awakening."

Holidays were abolished even as production schedules of Tribeni's four machines were determined by linear programming so that all resources (switching time, similarity of grades, individual machine runs etc.) could be optimised. And because of the consistent runs, now possible, product quality improved as also did cost efficiency.

Explains Saha: "Our three-fold objective of improving quality, increasing productivity and being more cost effective was met in its entirety. Our new slogan, 'Quality at the least cost,' became a shopfloor reality rather than remaining an abstraction, as slogans often are."

The most dramatic visible impact came in the form of reduced shrinkage. (In paper technology, shrinkage refers to wastage during the process of manufacture.) According to vice-president (manufacturing) P.B. Mundas, shrinkage used to average at around 20-22% earlier. In other words, for every five tonnes of paper produced, one tonne was lost as waste. Currently, the shrinkage rate at Tribeni is down to 11%. Mundas reckons that for a mill of its type, a shrinkage level of 10% would be the international norm.

With all four machines humming away in a welter of activity, memories of enforced idleness began to fade away fast. Agrawal's relentless drive for productivity — and the managing director is frequently seen on the shopfloor — paid off. Saha and Mundas recall the memorable day when the mill produced 100 tonnes, an all time record.

Union leaders at the factory acknowledge Agrawal's dynamic role in removing bottlenecks and enabling the mill to touch production highs. In return, demonstrating a touch of the Russi Mody style of touching the heart of every worker, Agrawal has proclaimed his thanks in a prominent hoarding near the entrance (see p.65). (Not that the unions are totally bowled over, though. For instance, Debashis Chatterjee, general secretary of the Tribeni Tissues Workers' and Employees' Union, rues that despite its expanding business base, no new employment opportunities are being created by the company.)

So far, already Rs 12 crores have been spent on the factory. This first phase of fresh capital investment has seen the installation of a new-generation, 35-tonnes-per-hour fluidised bed Ignifluid boiler which can operate on lower grades of coal and yet deliver 10% higher thermal efficiency. Energy conservation has always been a high priority at Tribeni: power consumption per tonne of production has steadily fallen from 3,241 Kwh (1985) to 2,877 Kwh (1988) to 2,626 Kwh now. Over the same period, capacity utilisation has upped from 106% to 126%.

In part, this is due to close coordination between the company's marketing department and mill managers. The former is even directly represented at the factory by a senior manager who ensures that there are no production hiccups impeding the timely execution of customers' orders. Machine runs are fixed after prior consultation with marketing so as to ensure the best product mix.

OWN RHYTHM

Agrawal explains that the company's "heart" — namely, the mill — is now left to beat to its own rhythm. Mill managers have been relieved of the anxieties on account of

inputs like raw material, stores and spares, coal, power and despatch; responsibilities for these have been shifted to the respective functional areas. The logic, says Agrawal, is to enable mill managers to concentrate on technology, R&D, product quality and efficient all-round operations to ensure total productivity.

CHUGH: MARKET-LED RECOVERY

Chief marketing manager Bhaskar Sharma (35) describes in some detail how the market-led approach has equally contributed to Tribeni's productivity record, which is fast approaching the high standards set by sister company Bhadrachalam Paperboards. "My first priority was to rationalise the product-mix. Several of the 104 speciality papers being manufactured boasted of small annual tonnages of less than even 100 tonnes. As a result, operating inefficiencies were fuelled by factors like having to make four grade changes a day, concomitant high downtimes when machines got switched from one grade to another and the higher cost of inventory control. So I looked at growth markets and eliminated unviable products, bringing our product-mix to a more manageable 40 items," he says.

He adds that machine operating schedules are now being posted at least a month in advance "in congruence with anticipated market demand and pending orders." The outcome: the longest possible individual runs, minimum downtime and — most important — reduced shrinkage losses.

Tribeni's market-driven production policy requires Sharma to frequently visit the plant, a rarity for marketing heads. Often, he takes his customers along; indeed, Tribeni's clients, large or small, are encouraged to visit the plant, talk to technical personnel firsthand and be present during trial runs.

Internally, systems have been fine-tuned to ensure that tailormade, customised speciality products can be designed and manufactured on express delivery terms. Sharma chairs the product development committee set up in mid-1989 on which sit production, technical and finance department managers. Keeping their respective functional roles intact, they scan the environment for new products, check out the techno-commercial viability, arrange trial runs and then clear the product for launch.

"The whole process can be completed very fast, depending on the item and the urgency of customer needs," says Sharma. "In one recent case, we launched a new product within 10 days of its conception, much to the surprise of the customer." Incidentally, Sharma's all-India marketing crack force is skeletal in size: each of four regions has a regional manager, a secretary and an assistant. That's it.

Yet, with generous advice from their counterparts in ITC and Bhadrachalam Paperboards, Tribeni's intrepid marketers have succeeded in quickly opening up several new and rewarding markets for the company's speciality products. The new products include deluxe bond, copier paper and laminating base tissue for mass packaging of tablets and drugs.

HIGHER VOLUMES

Notes Sharma: "We are not necessarily looking for higher volumes in every market niche. We would rather satisfy the limited needs of our dis-

"THE MERGER OPTION IS OPEN"

ITC Group chairman Jagdish Sapru is pleased as punch at Tribeni Tissues' big bounceback. In a conversation with BusinessWorld, *the ITC Group chief reflects on the whys and wherefores of Tribeni's success story. Excerpts:*

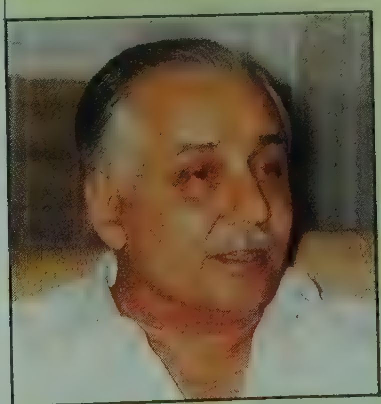
■ **On ITC's role in Tribeni Tissues' recovery.**

ITC contributed a work ethos, culture and environment in which people can perform and think originally. Basically, they (the Tribeni managers) were encouraged to wrest the leadership initiative.

The resources that ITC imparted were not so much money as the creation of a market-led recovery strategy which they were left free to operate. Of course, we also made available some of our best talent. All this has doubtless enabled Tribeni to add value both in physical terms and at the intangible motivational level.

■ **On his expectations from Tribeni Tissues.**

Already, Tribeni's performance has been even better than we expected. This is a tribute to their people.



I would now expect it to remain the frontrunner and leader in the speciality papers line. And also to provide the manpower, skills and knowledge to enable the ITC group to make further inroads in this sector.

■ **On the status of the ITC-Tribeni merger proposal.**

These are options which are always under examination. Exercising the option would depend on a combination of several factors. In some ways, Tribeni's growth might be expedited if it becomes an intrinsic part of ITC. But I also do agree that the status of an independent company, with individuals directly responsible and accountable for running it, has its advantages.

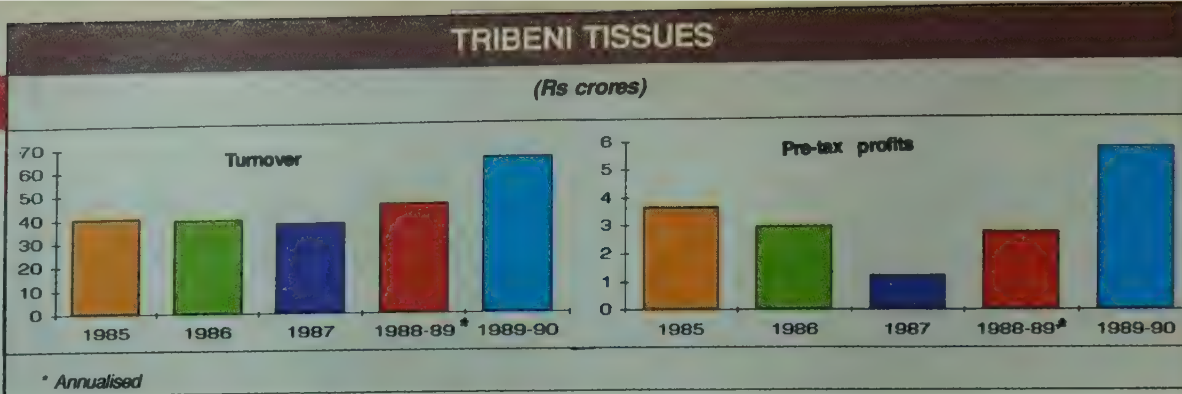
We have not made up our minds either way. And there is no tearing hurry to decide on this issue either.

■ **On what ITC has learnt or gained from Tribeni.**

Tribeni's direct association with ITC through the management help that we are giving has certainly brought into ITC a greater appreciation of the importance of paper to the group. It has added dimension and size to the totality of the paper interests of the ITC group.

■ **Of the likely crown jewel in the 1990s from amongst tobacco, agri-business, the Welcomgroup hotel chain, Bhadrachalam Paperboards and Tribeni Tissues.**

Each business has its own rightful role. In that sense, all are jewels, or *navratnas*, if you like. But the one which will truly come to fruition in the 1990s and get its rightful place is agri-business division.



cerning customers and give them more exacting quality." And no, the company is not repeating its earlier mistake of indiscriminately committing itself to small tonnage items: this time around, the products are being carefully vetted and selected on the basis of well defined return on investment parameters.

"This ensures that production is geared as far as possible to high value added and high contribution items. The process of selecting from amongst alternative production possibilities and comparing opportunity costs has now been developed and established," says vice-president (finance) Nandita Sen.

Higher contribution margins have in turn facilitated the introduction of productivity-oriented work practices. Earlier, for instance, it made business sense to keep the mill closed on holidays (despite paper being a process industry) because the extra overtime bill used to exceed marginal contribution per day. Today, with the adroit choice of product-mix having led to vast increases in daily contribution margins, the company makes extra money by running the plant on holidays, eliminating start-up delays and reducing shrinkage. With workers earning extra overtime as well, it is a truly win-win situation.

As I.K. Saha (quoted earlier) pertinently notes, the very knowledge that business is thriving and money is being made acts as a motivating factor right through the hierarchy. Workers are no longer selfishly interested in cocooning themselves within narrow job specifications. Pessimists who predicted that Tribeni would never be able to change work practices are scratching their heads in wonder.

Even at the head office in Calcutta, which used to shut shop punctually at 5 p.m. in the good (bad?) old days, staff are keeping longer hours without fuss. And not all of it is wholly altruistic either. Opines confidential secretary Ruby Singh: "Tribeni-ites at large see all round progress and tremendous forward movement. In this, they also see a bright and secured future for themselves. Naturally, all of us want to participate and contribute more and more."

The future is precisely what Agrawal is busy chalking out these days. Within three years, plant capacity will reach 33,000 tpa in stages, and appropriate markets must be found and captured. Corporate planners are presently taking a close and hard look at three specific speciality market segments which are both substantial and growing.

One is the 25,000 tpa communications segment growing at an estimated 15% per annum and currently dominated by Ballarpur Industries of the Thapar Group. Another is the 20,000 tpa packaging sector (growth rate: 8%) dominated by Pudumjee Paper, while the third is the laminating industry growing at 15% annually whose needs are largely being met through imports. Significantly, those three sub-sectors are each growing faster than the overall 5% rate of India's 1.8 million tpa paper industry.

"By capturing incremental slices of these fast-growing sectors, Tribeni hopes to create the kind of demand for our specialities which will enable us to double sales volume by 1992," says Agrawal. He is certainly not afraid of meeting heavyweight competitors head on: "Our confidence in being able to hold our own in the face of strong competition stems from our philosophy of being the best quality producer at the most competitive cost."

The growing in-house confidence has been reflected in the past few months in the bullish Tribeni Tissues counter at the Calcutta stock exchange. From a languishing Rs 24 in mid-1988, Tribeni scrip has entered the close-to-Rs 100 level, peaking at Rs 98 on 26 March. And with substantial accretions to its reserves, can a bonus issue be far behind? Merchant banker D.P. Poddar thinks it is not: "Since the company is expected to do even better in 1991, net worth will improve sharply. Accordingly, Tribeni Tissues is likely to emerge next year as a ripe candidate for a handsome bonus issue."

Meanwhile certain weaknesses will have to be tackled. These mostly centre around human resources lacunae; corporate and marketing middle management line-ups are a bit too lean for comfort. There is also the incipient question of grooming Agrawal's successor. But with ITC group resources available for tapping, the HRD situation is not quite a crisis.

The financial outlook is sound enough. Increased net worth will further enhance the company's borrowing capabilities, and for the low-geared Tribeni, funding its Rs 40 crores modernisation, upgradation and expansion programme ought to be a cinch. Observers say it is unlikely to have to go to the capital market for resources.

Inevitably, the final word tends to hinge around the marketing function. "Our growth strategy assumes that competition will grow and intensify. In this situation, the most important attribute is product quality. Having guaranteed this, we shall be responsive to customer needs," declares Agrawal.

With plenty on management's plate, there is no move to look beyond the existing ambit of speciality papers. After all, the latter is growing faster then the larger commodity papers sector, and the twin product differentiation and market segmentation drives promise alluring prospects of deeper market inroads.

Clearly, Tribeni's long night is over, and the self-congratulatory "dawn of a new era" promises bright sunshine ahead.

■ *Sujoy Gupta*

THE EXHORTATION WORKED

VIEWPOINT

"GO FOR COMMODITIES"

Big bull M.J. Pherwani dubbed him 'a confirmed bear.' But, Hemant Dani, the incumbent editor of the Bombay-based investment fortnightly Fortune India, *is certainly not short on stock-market expertise. His expertise flows from an exposure of more than two decades of observing and analysing scrips and the stockmarket in general. A good chartist, Dani holds a masters in statistics and began his career with* Commerce *weekly. A quarter century of reporting and writing on stocks and stockmarkets have taught him the great virtues of fundamental analysis. However, he makes no bones about his bearish outlook. "The message is clear that the bull market is over," says Dani. Excerpts from his interview with* BusinessWorld:

■ On the future direction of the stock-market.

Though the end of the bull market is in sight, signals for a bear market have not yet flashed. The bearish trend is sure to begin, if the recent post-budget rally based more on psychological factors than fundamental factors is any indication. Moreover, the intermittent disruption of trading on the Bombay stock exchange and speculators gradually replacing investors in the secondary market do not augur well.

■ On where the BSE sensitive index will be by July and December 1990.

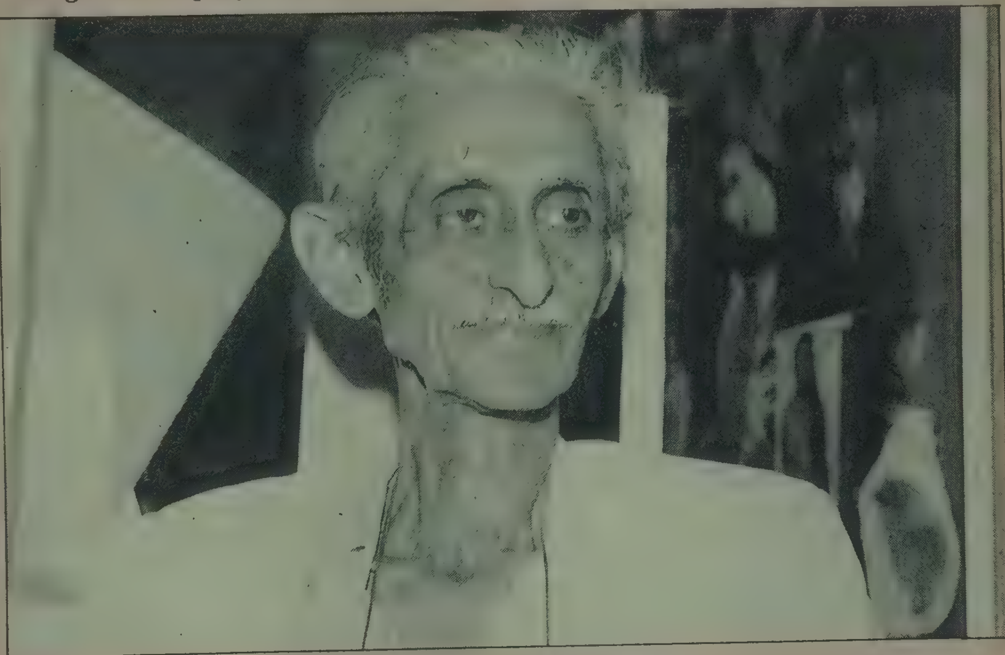
A rally after the general election results took the index to over 729. Fears about a harsh budget pulled it down to around 659 and when they were dispelled by a not-so-harsh budget, the index rallied to over 800. This indicates that the market has become more psychology-driven. Such a technical rally will not sustain for long. Notwithstanding the monsoon and the quality of company results, I expect the index to stay put till end-July and settle between 590 and 600 by end-December.

■ On the industries with bullish prospects.

Cement, sugar, paper, and cotton textiles look very bullish. The shares of these industries had moved down so much that now there is nowhere for them but up. However, I foresee not so bullish prospects for two-wheelers, cars and commercial vehicles.

■ On a primary market investment strategy.

Though new equity issues seem safer than the secondary market, the issue market has of late dried up. After the mega issues, it now takes longer than four months to obtain the consent of the controller of capital issues. I do not see much scope for investing now in the primary market.



■ On a secondary market strategy.

Investing in the secondary market has turned riskier, with the market becoming fundamentally less driven. Go for safer avenues, such as government securities. Liquid cash is a better option. If temperamentally fit and gifted with quick reflexes, go for equity to the extent of 20% of disposable income. Equity investment is for intelligent investors and they are a rare species in this country. Invest moderately, if you really want to, in a market driven by irrational investors.

■ On investing in commodities.

This is the market that is going to boom, thanks to the pro-farm policies of the incumbent government. The flow of funds out of the secondary market for equities to the commodities market has already begun. The unaccounted money which is supporting speculation in stock exchanges is gradually moving into the commodities market, particularly into oil and oilseeds.

■ On investing in real estate.

This is a tricky area and one should exercise due caution before investing. However, I see real estate values stagnating for some more time. For instance, land prices in Pune are sliding down for want of buyers. Real estate values in Bombay are already sky-high.

■ On investing in gold.

Buy gold only when you have setbacks in investing elsewhere. Gold should form just about 10% of one's portfolio. However, as gold prices are influenced more by political factors, do not expect high returns. For the time being, though, gold may appear bullish.

KOTHARI IND. CORP.

CHEERING UP

Kothari Industrial Corporation (KIC) turned the corner in the year ended June 1989. And in the process, the Madras-based D.C. Kothari company with fingers in the textiles, plantations and fertilisers pies, returned to the dividend list after four years thanks to the improved working of the textiles division and the shedding of its loss-making chemicals unit.

The textiles division, which accounts for a little more than 50% of gross sales, chipped in with a cash profit of Rs 2.20 crores (a cash loss of Rs 2.50 crores in 1987-88). Encouraged by the improving sales realisation in yarn, KIC is going ahead with plans to modernise its two Coimbatore-based mills at an outlay of Rs 3.25 crores.

All pink again. KIC has, meanwhile, relinquished charge of its chemicals division in favour of Spic, resulting in a capital loss of Rs 5.16 crores, which has been adjusted against capital reserves. However, on the operational front it is all pink again. Gross revenue (net of sales from the fertilisers division) has moved up by 23.5% to Rs 65.81 crores and operating profit by 130% to Rs 9.30 crores. 1987-88's net loss of Rs 3.56 crores has been turned into a net profit of Rs 3.55 crores.

It is the same story in tea and coffee. Despite a lower output at 2.36 million kg and a 5% fall in sales volume, tea has contributed to the company's bottomline, thanks to the 8% rise in the realisation on tea to Rs 25.70 per kg. The targeted output for the current year is 3 million kg. Coffee has done better. Sales volume, at 1,309 tonnes, has exceeded the target of 1,200 tonnes. Coupled with a 23% rise in sales realisation, the coffee turnover has logged 100%-plus growth at Rs 3.40 crores.

The current year (1989-90) seems promising for KIC. The results for the six months ended 31 December 1989 reveal a 23% rise in gross revenue to Rs 38.15 crores, a more than 300% rise in operating profit, and a handsome gross profit of Rs 3.17 crores as against a gross loss of Rs 0.51 crores. The net loss of Rs 1 crore in the corresponding period of 1988 has been turned into a healthy profit of Rs 2.39 crores. The company's scrip is currently quoting at Rs 39 (2 May) and that yields a price-earnings multiple of about 8.5. The scrip's high for 1989 was Rs 51 and the low was Rs 6. The scrip should be a good pick for long-term investment gains.

KOTHARI INDUSTRIAL CORP.

(Rs crores)

	12 months ended 30 June 89	12 months ended 30 June 88
Gross revenue	65.81	53.03
Gross profit	5.39	-2.56
Profit after tax	3.55	-3.56
Equity capital	7.55	7.55
Reserves	47.23	42.01
Gross profit margin (%)	8.19	-4.83
Return on net worth (%)	6.48	-7.18
Dividend (%)	12.50	—
Earning per share (Rs)	4.70	-4.72
Book value per share (Rs)	72.56	65.64

Source: Annual reports

HINDUSTAN LEVER

EFFORTS BEAR FRUIT

The brouhaha about Hindustan Lever's travails in the bottom-end of the detergents market now seems misplaced. For the year ended 31 December 1989, Hindustan Lever Ltd. (HLL) reported better working results — a record growth in volumes in soaps and detergents, HLL's lifeline. Turnover has risen by 19% to Rs 1,008.17 crores and income from other sources has remained more or less constant at Rs 2.97 crores.

Not much comfort. Margins, however have not been much of a comfort. Gross margin has dipped by 0.69% to 10.39%, operating margin by 1.56% to 12.12% and net margin by a marginal 0.43% to 5.32%. Had the turnover not grown at a faster clip, margins would have taken a beating.

Investors, though, should have no room for disappointment. For cash profit has moved up from Rs 6.79 to Rs 7.42 per share, thanks to lower interest burdens. Earnings per share (EPS) too has moved up from Rs 5.22 to Rs 5.76, which yields a price-earnings (P/E) multiple of 20 at the current market price of Rs 115.50 (2 May). Dividend has been hiked by three points to 35% and the payout has been higher at 59% as against the previous year's 55%.

HLL has other things to gloat about. During the year, an agreement was reached with individual workmen of the Bombay factory which helped lift the one-year-old lockout. Exports have grown by 25% at Rs 130 crores and also notable is HLL's performance in hard currency markets which have accounted for over 70% of the exports.

HINDUSTAN LEVER

(Rs crores)

	12 months ended 31 Dec 89	12 months ended 31 Dec 88
Gross revenue	1,011.14	848.08
Gross profit	105.08	94.01
Profit after tax	53.81	48.78
Equity capital	93.32	93.32
Reserves	135.20	112.74
Gross profit margin (%)	10.39	11.08
Return on net worth (%)	23.54	23.67
Dividend (%)	35.00	32.00
Earning per share (Rs)	5.76	5.22
Book value per share (Rs)	24.48	22.08

Source: Annual reports

Projects. Meanwhile, HLL has received a letter of intent for the manufacture of linear alkyl benzene in Punjab and the project is estimated to cost Rs 230 crores. Other projects, under various stages of completion, are the synthetic detergents project at Sumerpur (Uttar Pradesh), the fluid cracking project at Haldia (West Bengal) and a functionalised biopolymers project at Pondicherry.

HLL's 100% export unit manufacturing footwear in Pondicherry commenced production during the year and approvals have been received for the setting up of tissue culture facilities at Hyderabad and an aquaculture prawn farming project at Sandeshkali in West Bengal.

Return on net worth has been con-

stant around 23.54%. The company has a relatively low debt-equity ratio of 0.56:1, thanks to the capitalisation of reserves which account for 91% of the paid-up capital. Given the relatively high return on net worth, it means higher borrowing could improve profits for shareholders.

KOTHARI SUGARS

SWEET TIMES AHEAD

Kothari Sugars and Chemicals is an interesting case-study in diversification. The H.C. Kothari group company has been rapidly diversifying away from sugar, its bread and butter division, into petrochemicals. It was polybutene in March and now it is para-and ortho-nitrochlorobenzene, for which the company is setting up a facility in Pondicherry.

The year ended 30 November 1989 has been eventful for the company. Gross revenue has risen by 60% to Rs 23.23 crores and operating profit by a whopping 142% to Rs 3.92 crores. Net profit has moved up by 52% to Rs 2.59 crores, thanks largely to improved realisation and recovery of sugar.

Rosier margins. Production of sugar moved up by 41% to about 34,600 tonnes and the average recovery rate from cane has crawled up from 9.6% to 11%. The sales volume of sugar too rose by 41% to about 35,640 tonnes and realisation per tonne improved 13% to Rs 6,319.

Margins have turned rosier. The operating margin has moved up by 5.8% to 16.9%, gross margin by 4.3% to 14.6% and the net margin by 4.3% to 11.2%. Encouraged, KSC has raised dividend by 2 points at 20%, which is payable on an enlarged post-rights capital.

During May 1989, the company issued rights shares at par in the ratio of three for two, which took the paid-up capital to Rs 4.37 crores. In the pipeline is a rights-cum-public issue of convertible debentures in aid of the petrochemicals venture and a proposal is at hand to raise its borrowing limit to Rs 100 crores in excess of the paid-up capital.

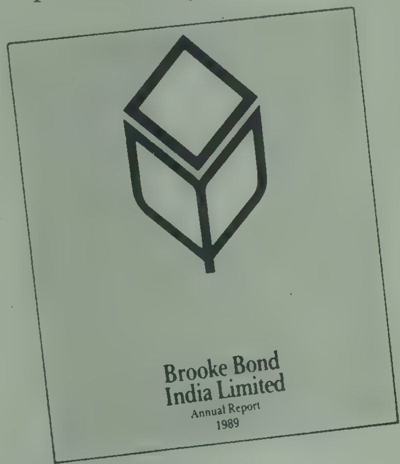
With the firm trend prevailing in the sugar industry and the government keen on extending sops for increasing production, the company's share is a good bet for long-term growth. At Rs 39 (2 May), the earnings are discounted about 6.5 times, which is well below the industry's average of 7.6. The scrip's high was Rs 42 and low Rs 14 in 1989. With a yield of about 5%, the scrip is certainly underpriced.

KOTHARI SUGARS & CHEM.

(Rs crores)

	12 months ended 30 Nov 89	12 months ended 30 Nov 88
Gross revenue	23.23	14.58
Gross profit	3.39	1.56
Profit after tax	2.59	1.00
Equity capital	4.37	1.60
Reserves	5.49	3.10
Gross profit margin (%)	14.59	10.70
Return on net worth (%)	26.27	21.28
Dividend (%)	20.00	18.00
Earning per share (Rs)	5.93	6.25
Book value per share (Rs)	22.56	29.38

Source: Annual reports



BROOKE BOND

NOT TOO REFRESHING

Brooke Bond India Limited (BBIL) is on slippery ground. All the major operational and financial indicators for the year ended December 1989 are on the slide. EPS has dipped to Rs 6.20 from an annualised Rs 8.73, book value per share to Rs 19 from Rs 28.43, and margins are clearly under pressure.

Turnover, at Rs 539.42 crores, is better compared to the annualised sales of Rs 417.53 crores for the 78 weeks ended 24 December, 1988. Gross revenue, at Rs 551.74 crores, represents an annualised 27% rise over the previous accounting period. Sales volume in tea, coffee, instants and exports has been marked up, but not margins. Gross margin has dipped from 9.98% to 9.40%, net margin from 5.58% to 5.07% and operating margin from 10.77% to 10.70%.

BROOKE BOND INDIA

(Rs crores)

	12 months ended 31 Dec 89	18 months ended 31 Dec 88
Gross revenue	551.74	638.94
Gross profit	51.91	63.82
Profit after tax	27.99	35.70
Equity capital	44.15	24.73
Reserves	39.77	45.59
Gross profit margin (%)	9.40	9.98
Return on net worth (%)	32.66	30.71*
Dividend (%)	30.00	24.46*
Earning per share (Rs)	6.20	8.73*
Book value per share (Rs)	19.00	28.43

*annualised

Source: Annual reports

Successful launches. Investors, however, have some reason to cheer. During the year, BBIL rewarded them with a 4:5 bonus issue. Dividend has been hiked to 30% as against the annualised 25% paid for the previous extended accounting period. During the year, BBIL launched — with some success — its A1 polybag tea, consolidated its mainline instant coffee brand Bru, and kicked off aggressive marketing for Rich Cafe granulated coffee.

Other product segments such as spices and paper continue to place hurdles in BBIL's growth path. Though efforts are under way to strengthen the distribution of spices, BBIL has gone ahead and hawked off its paper unit to Kanoi Paper & Industries Ltd. This should help the bottomline in the coming years.

Exports continue to be a major thrust area for BBIL. The company has recorded an annualised 31% rise in export revenue, up from Rs 49.34 crores to Rs 55.26 crores. Noteworthy is the fact that value-added exports accounted for Rs 36.22 crores of this total, recording an annualised rise of 34%

All these positive indicators do not get reflected in the margins, thanks to higher inventory carrying overheads and interest burden. The latter, particularly has more than doubled. BBIL's share is currently (2 May) quoting around Rs 115 and this means a P/E multiple of 18.54. At this quote, the share is ripe for disinvestment.

■ *M.C. Ved & A.H. Ghani*

GUJARAT FILAMENTS

(Rs crores)	6 months ended 31 Dec 89	6 months ended 31 Dec 88	12 months ended 30 June 89
Net sales	3.54	3.27	7.09
Other income	0.01	0.01	0.04
Interest	0.17	0.14	0.28
Gross profit	0.77	0.66	1.75
Depreciation	0.19	0.17	0.46
Taxation	—	—	0.20
Net profit	0.57	0.49	1.09
EPS (Rs)			10.28
RONW (%)			47.81

The company's equity and reserves stand at Rs 1.06 crores and Rs 1.22 crores respectively. Gross margin has dipped from 24.54% to 21.69%. At the current market price of Rs 67 (4 May), the P/E works out to 6.52. At a yield of 4-5% (last dividend 20%), the share is worth investing in.

DECCAN CEMENTS

(Rs crores)	6 months ended 31 Dec 89	6 months ended 31 Dec 88	12 months ended 30 June 88
Net sales	4.90	4.47	9.45
Other income	0.10	0.06	0.15
Interest	0.51	0.41	0.70
Gross profit	0.98	0.79	1.88
Depreciation	0.59	0.59	1.05
Taxation	0.08	—	0.13
Net profit	0.32	0.21	0.70
EPS (Rs)			4.24
RONW (%)			9.38

Margins have improved as have cash earnings from Rs 4.85 to Rs 5.52 per share. The company's equity stands at Rs 1.65 crores and reserves at Rs 5.81 crores. The current market price of Rs 24 yields a P/E of 5.66. The scrip has the prospect of being quoted at a P/E of 8.

ABS PLASTICS

(Rs crores)	6 months ended 31 Dec 89	6 months ended 31 Dec 88	12 months ended 30 June 89
Net sales	14.77	10.79	26.12
Other income	—	0.02	0.02
Interest	0.50	0.54	0.91
Gross profit	2.51	0.84	3.33
Depreciation	0.29	0.35	1.57
Taxation	—	—	0.06
Net profit	2.22	0.49	1.70
EPS (Rs)			5.00
RONW (%)			23.81

Margins are up. At the market price of Rs 70, the P/E works out to 14. Equity stands at Rs 3.40 crores and reserves at Rs 3.74 crores. Last dividend was 22%. Should be invested in at a P/E of between 10-12 and a yield of 4-5%.

RAMA PHOSPHATES

(Rs crores)	6 months ended 31 Dec 89	6 months ended 31 Dec 88	12 months ended 30 June 89
Net sales	11.68	5.08	14.66
Other income	—	0.11	0.11
Interest	0.63	0.51	1.04
Gross profit	0.66	0.33	1.05
Depreciation	0.35	0.33	0.67
Taxation	—	—	—
Net profit	0.31	—	0.38
EPS (Rs)			1.49
RONW (%)			—

Gross margin has dipped from 7.10% to 5.65%. Equity is at Rs 2.55 crores and accumulated losses amount to Rs 0.68 crores. The share, when last traded on 1 December, was quoted at Rs 20. A switch to Harshvardhan Chemicals is recommended.

STEEL STRIPS & TUBES

(Rs crores)	6 months ended 31 Dec 89	6 months ended 31 Dec 88	12 months ended 31 Dec 88
Net sales	6.17	5.02	16.69
Other income	0.08	0.05	0.04
Interest	0.81	0.55	1.13
Gross profit	(0.39)	(0.96)	(0.77)
Depreciation	0.25	0.12	0.30
Taxation	—	—	—
Net profit	(0.64)	(1.08)	(1.07)
EPS (Rs)			(3.93)
RONW (%)			(9.65)

The share is quoting at Rs 8 and the company is currently bogged down by escalating costs. The company's equity and reserves stand at Rs 2.72 crores and Rs 8.37 crores respectively.

SHREE RAJASTHAN SYNTEX

(Rs crores)	6 months ended 31 Dec 89	6 months ended 31 Dec 88	12 months ended 30 June 89
Net sales	16.33	13.49	27.03
Other income	0.06	0.05	0.13
Interest	1.03	0.95	1.84
Gross profit	0.98	1.10	1.72
Depreciation	0.38	0.49	0.72
Taxation	—	—	—
Net profit	0.60	0.61	1.00
EPS (Rs)			3.80
RONW (%)			22.83

The share is quoting at Rs 17, yielding a P/E of 4.47 (industry average — 10.70). Equity and reserves of the company stand at Rs 2.63 crores and Rs 1.75 crores respectively. The share is underpriced.

ROLLOY METALS

(Rs crores)	9 months ended 31 Dec 89	9 months ended 31 Dec 88
Net sales	2.16	3.21
Other income	0.01	—
Interest	0.71	0.60
Gross profit	(0.85)	(0.68)
Depreciation	0.24	0.24
Taxation	—	—
Net profit	(1.09)	(0.92)
EPS (Rs)		(8.34)*
RONW (%)		—

Rolloy Metals' equity stands at Rs 1.47 crores and accumulated losses at Rs 3.41 crores. The share is quoting around Rs 10 and should be disinvested.

ORISSA SYNTHETICS

(Rs crores)	6 months ended 31 Dec 89	6 months ended 31 Dec 88	12 months ended 30 June 88
Net sales	28.67	28.71	36.31
Other income	0.31	0.24	0.15
Interest	7.60	6.02	11.12
Gross profit	(6.34)	(1.73)	(12.98)
Depreciation	—	—	—
Taxation	—	—	—
Net profit	(6.34)	(1.73)	(12.98)
EPS (Rs)			(4.74)
RONW (%)			—

The company's equity is at Rs 27.39 crores and accumulated losses are at Rs 16.05 crores. The share is quoting at Rs 8 and should be disinvested.

LYKA LABS

(Rs crores)	6 months ended 31 Dec 89	6 months ended 31 Dec 88	12 months ended 30 June 89
Net sales	27.38	24.60	50.60
Other income	5.31	1.09	4.98
Interest	1.37	0.97	2.29
Gross profit	0.56	0.99	1.56
Depreciation	0.20	0.18	0.36
Taxation	—	—	0.11
Net profit	0.37	0.81	1.08
EPS (Rs)			2.62
RONW (%)			12.72

Margins have dipped and a higher EPS is not expected this year. The share is quoting around Rs 26 which yields a P/E of 9.92. The company's equity and reserves stand at Rs 4.12 crores and Rs 4.37 crores respectively. Buy at a yield of 4-5% and a P/E of 6-7.

*Note: *denotes annualised figures; half-yearly figures are unaudited; figures in brackets indicate loss; RONW denotes return on net worth; Quotations as on 4 May*

RESULTS

KHANDELWAL EXTRACTIONS

(Rs crores)

	6 months ended 31 Dec 89	6 months ended 31 Dec 88	12 months ended 31 Dec 89
Net sales	2.21	6.47	3.98
Other income	—	0.04	—
Interest	0.07	0.07	0.16
Gross profit	0.16	(0.14)	0.27
Depreciation	0.06	0.02	0.11
Taxation	—	—	—
Net profit	1.00	(0.16)	0.16
EPS (Rs)			(1.88)
RONW (%)			—

The paid-up capital of the company is Rs 0.86 crores and accumulated losses amount to Rs 0.25 crores. The share is not frequently traded.

INDO RAMA SYNTHETICS (INDIA)

(Rs crores)

	6 months ended 31 Dec 89	6 months ended 31 Dec 88	12 months ended 30 June 89
Net sales	7.15	0.08	0.50
Other income	0.48	—	—
Interest	0.62	—	—
Gross profit	1.04	—	(0.02)
Depreciation	0.52	—	—
Taxation	—	—	—
Net profit	0.52	—	(0.02)
EPS (Rs)			(0.01)
RONW (%)			—

Indo Rama's equity stands at Rs 25.53 crores. The share is quoted around Rs 27.50, and a disinvestment is recommended at this price.

MYSORE KIRLOSKAR

(Rs crores)

	6 months ended 31 Dec 89	6 months ended 31 Dec 88	12 months ended 30 June 89
Net sales	26.75	25.10	49.91
Other income	0.32	0.19	1.43
Interest	1.70	1.35	3.35
Gross profit	2.60	2.58	5.46
Depreciation	1.05	0.95	2.26
Taxation	—	—	—
Net profit	1.55	1.63	3.20
EPS (Rs)			7.49
RONW (%)			44.63

Margins have dipped. However, at the market price of Rs 39.50, the P/E works out to a low 5.27. Equity capital is at Rs 4.27 crores and reserves at Rs 2.90 crores. The share has the potential of being quoted at a P/E of 8.

MYSORE PETROCHEMICALS

(Rs crores)

	6 months ended 31 Dec 89	6 months ended 31 Dec 88	12 months ended 30 June 89
Net sales	7.74	7.34	13.11
Other income	0.15	0.19	0.57
Interest	0.75	0.70	1.38
Gross profit	1.11	1.76	3.50
Depreciation	0.47	0.50	0.57
Taxation	—	—	0.13
Net profit	0.64	1.26	2.81
EPS (Rs)			20.36
RONW (%)			44.11

The company has a low equity base at Rs 1.38 crores and reserves are high at Rs 4.99 crores. At the current market price of Rs 57.50, the P/E works out to a low 2.82. Buy for the long term.

FUSION POLYMERS

(Rs crores)

	6 months ended 31 Dec 89	6 months ended 31 Dec 88	12 months ended 30 June 89
Net sales	1.73	1.14	3.06
Other income	0.01	—	—
Interest	0.20	0.09	0.31
Gross profit	0.17	0.17	0.30
Depreciation	0.06	0.03	0.08
Taxation	0.02	0.02	0.04
Net profit	0.09	0.11	0.18
EPS (Rs)			1.38
RONW (%)			12.41

Margins have stayed put. The company's equity is Rs 1.30 crores and reserves are Rs 0.15 crores. The share is quoted around Rs 17.50 at a P/E of 12.68. A switch is recommended.

EMPIRE INDUSTRIES

(Rs crores)

	6 months ended 31 Dec 89	6 months ended 31 Dec 88	18 months ended 31 Dec 88
Net sales	27.93	22.75	72.33
Other income	2.69	0.98	1.88
Interest	2.45	1.96	4.80
Gross profit	1.46	0.95	5.27
Depreciation	1.05	0.41	2.26
Taxation	0.41	0.15	2.06
Net profit	—	0.39	0.95
EPS (Rs)			1.27*
RONW (%)			4.80*

Margins are under pressure. The share is quoted around Rs 14, which yields a P/E of about 11. The company's equity and reserves stand at Rs 5 crores and Rs 8.19 crores respectively. Sell now and buy later at a P/E of about 7-8.

BHARAT PIPES & FITTINGS

(Rs crores)

	6 months ended 31 Dec 89	6 months ended 31 Dec 88	12 months ended 30 June 89
Net sales	17.20	15.01	36.47
Other income	—	0.01	0.01
Interest	0.63	0.50	0.81
Gross profit	1.02	0.69	1.39
Depreciation	0.15	0.10	0.24
Taxation	—	—	—
Net profit	0.87	0.59	1.15
EPS (Rs)			2.30
RONW (%)			17.01

Margins have improved and at a market price of Rs 17.50, the P/E works out to 7.61. The company's equity base is at Rs 5 crores and reserves amount to Rs 1.76 crores. Buying is recommended.

DAGGER FORST TOOLS

(Rs crores)

	6 months ended 31 Dec 89	6 months ended 31 Dec 88	12 months ended 30 June 88
Net sales	3.71	2.27	5.28
Other income	0.18	0.13	0.34
Interest	0.44	0.48	0.99
Gross profit	0.85	0.10	0.41
Depreciation	0.33	0.33	0.65
Taxation	—	—	—
Net profit	0.52	(0.23)	(0.24)
EPS (Rs)			(2.31)
RONW (%)			(11.59)

The company's working has improved with higher margins. Though the share is quoted at a high Rs 41, the company's low equity base of Rs 1.04 crores (reserves — Rs 1.03 crores) is an advantage. The company is expected to do better in the current year.

SUDARSHAN CHEMICAL IND.

(Rs crores)

	6 months ended 31 Dec 89	6 months ended 31 Dec 88	12 months ended 30 June 89
Net sales	3.69	2.98	6.21
Other income	0.13	0.12	0.31
Interest	0.14	0.12	0.26
Gross profit	0.36	0.28	0.65
Depreciation	0.20	0.15	0.34
Taxation	0.03	0.03	0.03
Net profit	0.16	0.11	0.29
EPS (Rs)			1.07
RONW (%)			2.52

The company's share price, at Rs 106.25, yields a P/E of about 10. The last dividend was 25% and the share is tipped to quote at a P/E of 12. The equity of the company is at Rs 2.70 crores and reserves stand at Rs 8.82 crores.

*Note: *denotes annualised figures; half-yearly figures are unaudited; RONW denotes return on net worth; Quotations as on 4 May.*

INVESTMENT WORLD

INVESTOR CONTEST

Last date for the receipt of entries: 6 June 1990

There's no entry fee, no risk. But there's Rs 5,000 to be won every fortnight. Here's how.

Every contestant is given a notional Rs 1 lakh to invest in shares. The money can be invested in upto five scrips listed on the Bombay stock exchange (BSE) at closing prices on a reference date specified by *BusinessWorld (BW)*. This notional portfolio will be evaluated by *BW* a month later (approximately). Three contestants, whose portfolios register the largest gains, will be entitled to cash prizes: Rs 2,500 being the first prize, Rs 1,500 the second, and Rs 1,000 the third. The names of all the winners will be published in *BW*.

The attention of contestants is drawn to Rule No.12. No hand-deliveries of entries will be accepted. Entries without post-marks will be automatically disqualified.

THE RULES

1. The notional amount to be invested is Rs 1,00,000.
2. Investments (in market lots only) can be made in any five companies' equity shares which are listed on the BSE.
3. Investments in debentures or securities other than equity shares are not permitted.
4. No investment can be made in scrips in which there has been no trading on the reference date for investment (30 May for Contest No.14).
5. Investments in scrips quoted below par value on the investment date cannot exceed 25% of the total (Rs 25,000).
6. The maximum amount investible in any one scrip is Rs 50,000.
7. Investments must be made on the basis of the closing prices of shares on a date specified by *BW*. **This time the date is 30 May 1990**. Quotations based on prices at stock exchanges other than Bombay will not be permitted.
8. The portfolio will be evaluated on a date (to be specified by *BW*) roughly one month after the investment date. **This time the date is 27 June 1990**. This too will be on the basis of the closing quotations of the BSE. The official list of the exchange will be the source for determining closing prices. Quotations published in newspapers, magazines or any other publication will not be accepted. In the event of there being any difference in the price quotations given by the contestant and the official list of the Bombay stock exchange, the investments will be deemed to have been made at the latter prices.
9. If the BSE is closed on the specified days, the closing quotations of the first subsequent trading day will be taken into account.
10. Any odd amount left uninvested in the notional portfolio will be assumed to have been deposited in a savings bank account earning an interest of 5% p.a.
11. Contestants will have the option either to invest the entire amount of Rs 1,00,000 (or part thereof) in equity shares or in a savings bank account. (This is just in case investors think stock values will crash and that the money is better invested outside the stockmarkets.)
12. All entries should be accompanied by a coupon (given below) bearing the contest number and must reach the editorial office of *BW* not later than the date specified. **For Contest No.14, the last date for the receipt of entries is 6 June 1990.** Envelopes should be sent by ordinary post only and must carry the following on the outside in big bold letters: "*BW* INVESTOR CONTEST NO.14 (or whatsoever the contest number is). The envelope must be addressed to: The Editor, *BusinessWorld*, 145, Atlanta, 209 Ceremonial Boulevard, Nariman Point, Bombay 400 021.
13. In case of a tie, the money will be divided equally among the winners. For example, if the top two portfolios show the same level of appreciation, the prize money for the first and second prizes will be pooled and distributed to the two winners.
14. For the purpose of this contest, it will be assumed that no brokerage is paid for the purchase of shares.
15. Contestants can send in any number of entries, but each of them must be accompanied by the relevant coupon. Coupons for contest No.14 cannot be used for Contest No.15 and so on.
16. The decision of the Editor, *BusinessWorld*, will be final in deciding any disputes vis-a-vis this competition, which will not be open to any employee of the Ananda Bazar Group of Publications.

Winners of

INVESTOR CONTEST NO.10.

FIRST PRIZE (Rs 2,500):
Prasad R. Panicker

Panicker's portfolio appreciated to Rs 1,35,805.

SECOND PRIZE (Rs 1,500):
A.P. Thakkar

Thakkar's portfolio appreciated to Rs 1,30,551.46.

THIRD PRIZE (Rs 1,000):
M. Raghava Reddy

Reddy's portfolio appreciated to Rs 1,29,302.50.

For a change, this time's Investor Contest has produced a new crop of winners. This is perhaps indicative of the fact that the new rules have had a levelling effect on all contestants. Sure, the old winners were all there in the shortlist, but none of them made it to the Top Three.

The winner this time is Prasad Panicker, whose two-horse entry of Bharat Fertilisers and Vikrant Tyres gained him an overall portfolio rise of 35%. But the second and third prize-winners had better distributed portfolios. A.P. Thakkar's had five in it — Vikrant Tyres, Bharat Fertilisers, Universal Cans, Finolex Pipes and Organic Chemoils — and M.R. Reddy's three (Bharat Fertilisers, Carbon Corporation and Telephone Cables).

Congrats!

INVESTOR CONTEST NO.14 — ENTRY FORM

Name of scrip	Price on 30 May 1990	Number of shares purchased	Total investment
Total money invested from Rs 1 lakh capital			

Name:

Address:

A PROMISING TRIO

The Bombay stock exchange (BSE) is going through its customary gyrations. Even in a confused scenario, however, it is possible to find some good picks — it all depends on whether one is an investor or a trader.

Shreyans Paper Mills (sales: Rs 23.2 crores for the 17 months ended September 1989) is currently quoted at Rs 60 on the BSE. The company, promoted by the D.K. Oswal group through Vardhaman Spinning and General Mills, manufactures paper.

Shreyans Paper was incorporated in 1979 and the company has performed well during the 17-month period under review. Despite the fact that it is located in Ludhiana — a troubled area — the company managed to lift production from 11,619 tonnes to 16,567 tonnes in 1988-89. The company posted a net profit of Rs 2.34 crores for the period under review on an equity capital of Rs 2.05 crores. The Shreyans share has a book value of approximately Rs 26 which should move up further after the announcement of the current year's results.

As is well known, the paper industry has been doing well. The company has not been affected by the budget as it does not make any kraft or other paper for the packaging of horticultural products. It does not have any investment allowance reserve unabsorbed also.

The company declared a dividend of 28% for the 17-month period which works out to 20% annualised. The annualised earning per share (EPS) is Rs 8.05. The share appears to be underpriced as the P/E ratio works out to 7 as against the industry composite P/E of 17.67.

It would be a good idea to pick up the share when equity values become weak and the share price slips down further.

Vinyl Chemicals, currently quoted at Rs 28 on the BSE, is a new company promoted by the Parekh's of Fevicol adhesive fame. A low-profile group, this is their first company to go public. The Parekh group has a turnover of Rs 85 crores.

Vinyl Chemicals, set up in Mahad, a notified backward area in Maharashtra to produce vinyl acetate monomer (VAM), has a capital outlay of Rs 37.20 crores. The company will produce 10,000 tonnes of VAM per annum and has a technical collaboration agreement with Uhde GmbH West Germany — a subsidiary of Hoechst AG. The plant is expected to start production soon.

The company has an equity capital of Rs 12.15 crores and of this Rs 6.15 crores is the promoters' contribution. VAM is actually used to produce ethylene vinyl acetate copolymer (EVA), polyvinyl alcohol, polyvinyl acetate and acrylic fibres. The demand for VAM is growing and will be 25,000 tonnes per annum (tpa) by 1991. VAM is currently produced by Vam Organics (Rs 140 on the BSE) and by Polychem (Rs 82). Both these companies have an installed capacity of 10,000 tpa.

Shreyans Paper, Vinyl Chemicals and Tisco seem to be scrips with promise

The Parekh group itself consumes about 4,000 tpa of VAM. Moreover, with demand growing, marketing is not considered as a problem area.

The company is expected to break even in the very first year and that too with only 50% capacity utilisation. The profitability is expected to be good, if the projections can be relied upon. The share is a good long-term portfolio investment and may be accumulated at every downswing. The price may move up considerably over a period of time.

Tisco (sales: Rs 1,772.45 crores during the year ended 31 March 1989) is currently quoted at Rs 125 on the BSE. It appears to be another share which can rise rapidly.

Tisco has recorded sales of Rs 941.52 crores for the six months ended 30 September 1989 on an equity base of Rs 230.14 crores. At a recent press conference, Tisco chairman Russi Mody said that the company had done well on all fronts. Exports have moved up to Rs 146.65 crores from Rs 92.50 crores in the whole of the previous year. The company's profit is expected to be good and the EPS may be close to the face value. Moreover, with the company constantly improving upon the product mix and with an expansion in production capacity, the future holds promise.

The rumours of steel decontrol are also strong and the share may move up should steel decontrol actually come about. Tisco will benefit immensely from this policy decision as about 40% of its production has to be sold at controlled prices, which are about Rs 4,800 per tonne less than the open market price.

The company's bearing division is also doing well and there is a rumour that Tisco will take over Ipitata, a Tata company producing sponge iron.

The share may be bought at declines for hefty capital appreciation.

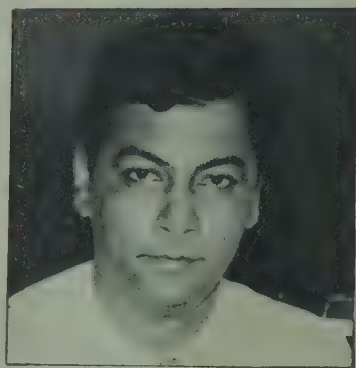
Now for some random advice. **Bajaj Auto** may announce a bonus soon. **Hindalco** and **Century Textiles** may also make bonus issues. High priced shares may be disposed off and the proceeds invested in these bonus candidates. According to reliable sources, **Burroughs Wellcome** is not doing too well. **MRF** will probably go into the red. **Premier Auto** also may not report higher profits.

Keep a watch on the paper industry and chemicals. In general, equity values are likely to move down but not dramatically so. With the announcement of corporate results, some shares may move up on individual merits.

■ *Gul Teckchandani*
The author is a Bombay-based financial consultant.

SOME ATTRACTIVE SHARES

The textile machinery industry is in fine trim after having faced hard times till the end of the previous decade. Sales of most companies have doubled or trebled. Orders are pouring in and production in several units has been booked for the next two-three years. In this turnaround, exports have played a major role, with a good cotton crop and a cheaper rupee being the other factors.



Even as demand is rising, the supply side has shrunk with a number of marginal manufacturers closing shop. Exports of textile machinery more than doubled to Rs 94 crores in 1988-89 and increased further to Rs 130 crores in 1989-90. A big increase in the export of yarn, garments and fabrics helped increase the demand for textile machinery within the country.

Lakshmi Machine Works (LMW) of Coimbatore is the largest Indian textile machinery manufacturer commanding a 65% share of all spinning machinery. LMW's product range consists of blow-looms, cards, draw frames, speed frames, combers, ring frames etc. The company also manufactures CNC machines in collaboration with Mori Seiki Co. Ltd., Japan. For textile machinery, its collaborators are Rieter Machine Works, Switzerland, which holds about 14% of the company's equity capital.

LMW fared exceptionally well during the 15-month period ended 31 March 1989. Sales amounted to Rs 164 crores compared to Rs 96 crores during the 12-month period to 31 December 1987. Gross profit moved to Rs 22.4 crores (Rs 12.3 crores), while net profit spurted to Rs 7.14 crores (Rs 2.26 crores). Earnings per share on an annualised basis were Rs 140 (Rs 56).

For the first half of the year ended 31 March 1990, LMW has posted a turnover of Rs 83.51 crores, a gross profit of Rs 8.16 crores and a net profit of Rs 2.48 crores. The results of the second half are expected to be better.

In February 1989, LMW issued bonus shares (1:2 ratio), taking the equity capital to Rs 6.09 crores. Even after capitalisation, the residual reserves stand at a hefty Rs 18.86 crores, accounting for a book value of Rs 410 per share. The book value will be further strengthened with substantial ploughbacks in 1989-90.

With the buoyancy in the textile machinery industry likely to sustain for the next couple of years, LMW's future appears very promising and its shares at the current quote of Rs 850 (Madras stock exchange) appear attractive.

Bharat Gears Ltd. (BGL) has emerged as the largest supplier of gears to the automobile industry. Set up in 1974 to make 1,000 tonnes per annum (tpa) of gears, the company today has a capacity of 4,000 tpa. In 1986, BGL entered into a technical-cum-financial agreement with Zahnradfabrik Friedrichshafen AG (ZF) of West Germany, a world leader in transmission technology, to manufacture synchromesh gear boxes. ZF also took up about 11% of the total paid-up capital of BGL.

BGL caters mainly to the agricultural tractor and truck/bus market. This segment of the automobile market was reeling under recession in the mid-eighties, which to a large extent eroded BGL's profitability. In 1987, the market for agricultural tractors looked up but the LCV segment continued to be in the doldrums. Thus BGL had no option but to look outward, which called for increased expenditure on product development so as to match international standards.

The years 1987 and 1988 saw the company incurring a large dose of capital expenditure with negligible returns during the period. High interest and depreciation charges put margins under considerable pressure and thus the performance for the 18-month period ended 31 January 1989 was adversely affected. On a turnover of Rs 47.52 crores, BGL reported a loss of Rs 74 lakhs and skipped dividend. However, BGL has done a turnaround for the 14-month period ended 31 March 1990. On a turnover of Rs 56.60 crores, BGL has earned a gross profit of Rs 3.82 crores and a pre-tax profit of Rs 42 lakhs.

BGL is expanding its gear-box capacity to 10,000 units from the present 1,500 units. There are also reports that ZF plans to increase its stake in BGL from the present 11% to 26%.

During the current year ending 31 March 1991, BGL hopes to achieve a turnover of Rs 60 crores, inclusive of export earnings of Rs 9 crores. The bottomline is expected to show a considerable improvement.

The shares of BGL are quoting around Rs 30 and offer good potential for capital appreciation.

Gabriel India manufactures shock absorbers, bearings (bimetal) and bimetal strips. Its plants are located at Bombay and Nashik in Maharashtra, Mysore in Karnataka and Parvanoo in Himachal Pradesh. Its collaborators are Federal Mogul Corp. and Gabriel Co., US, which together hold about 40% of the capital.

Gabriel India has a track record of steady performance over the years. It has increased its earnings consistently since 1983. For the 16-month period to March 1989, the company recorded earnings of Rs 6.04 per share and paid a dividend of 20%.

According to unaudited financial results for the year-ended 31 March 1990, Gabriel India reported a net turnover of Rs 44.55 crores compared to Rs 45.01 crores for the previous accounting period of 16 months. Gross profit is at Rs 3.27 crores (Rs 3.44 crores), with net profit being Rs 1.74 crores. The earnings per share work out to Rs 6.59.

The company is planning to issue, on a rights basis, partly convertible debentures of the face value of Rs 200 each, of which Rs 100 will be converted into five equity shares. The proposal is subject to the consent of the controller of capital issues.

Currently priced at around Rs 54, the shares of Gabriel India appear attractive.

■ *Clifton Desilva*
The author is a Bombay-based investment manager.

WHAT THE FIGURES MEAN

Vital Statistics, *BusinessWorld's* recently-launched statistics section, needs some explanation. While there are several publications that compile similar data, they leave something to be desired, mainly in the aggregation of gross figures like reserves, where the general tendency is to lump all kinds of notional reserves together and give investors less meaningful data. *BusinessWorld* has tried to pump more meaning into figures by disaggregating them where necessary so that investors can gauge for themselves the real financial or earnings picture of the company. Given below are the definitions and explanations for the various terms we have used in this section.

Equity capital is total issued capital or called-up equity capital (for new companies) without adjusting calls-in-arrears and forfeited shares. The latter have been excluded from our definition of equity capital since they are bound to get nullified as and when the calls get paid or shares get forfeited. The shares forfeited account anyway gets transferred to the capital reserve ultimately when the forfeited shares are reissued.

Free reserves include all retained reserves, whether on the capital or revenue account, free or funded. Revaluation reserves are excluded. As funded reserves (for example, the debenture redemption fund, capital redemption fund etc) ultimately get transferred to the profit & loss (P&L) account or the general reserves once their purpose is served, they are treated as free reserves and thus available for the issue of bonus shares.

Our definition of free reserves, however, excludes adjustments of P&L account debit balances and miscellaneous expenses written off. This adjustment is, however, being made while determining the book value of a company's shares. Miscellaneous expenditure is not taken into account as it is a charge against future profits and does not affect existing reserves.

The **book value** per share is defined as equity capital plus free reserves divided by the total number of shares issued. The book value is arrived at after adjusting the P&L account for debit balances (accumulated losses) and miscellaneous expenditure. Though book value can be determined even on the basis of total reserves (i.e. including revaluation reserves) we have adopted the more conservative definition. However, for those investors who prefer to view book value differently, the revaluation figures have been given separately for calculation purposes.

Vital Statistics is *BusinessWorld's* revamped corporate database that aims to be more investor-friendly

Sales is the aggregate value of goods sold and services rendered, inclusive of excise and sales tax, but net of returns of goods sold. Since excise and sales tax are charges against revenue, we feel they do not reduce the aggregate sales value.

All items of income not related to a company's operations are aggregated under the head **other income**.

For the purposes of our database, **gross profit** is defined as profit after interest but before depreciation and tax. The **gross margin** is gross profit expressed as a percentage of gross sales and other income.

Profit after tax (PAT) is the net profit after tax but before adjustments relating to prior accounting periods, reserves written back or short or excess provisions for taxation are made. Our PAT figure thus reflects the net profit from operations relating to the year in question.

Adjusted profit is PAT after making the above-mentioned adjustments, and is thus effectively the total profit available for appropriations (dividends, ploughbacks etc). The adjusted profit figure, however, excludes profit balances brought forward from previous years. The availability of separate PAT and adjusted profit figures enables one to calculate net margins and payout ratios appropriately.

Earnings per share (EPS) represent PAT divided by the total number of a company's equity shares. The PAT figures are adjusted for preference dividend provisions (if any) or arrears payable on cumulative preference shares which have not been provided for. Whenever the accounting period is more or less than 12 months, the EPS figures are being annualised. The **price-earnings (P/E)** ratio is obtained by dividing the market price of a company's scrip by the EPS. The P/E ratio is expressed as a multiple of the EPS.

The **return on net worth (RONW)** stands for PAT as a percentage of paid-up equity share capital plus reserves and surplus. In this case, the reserves include revaluation reserves since returns have to be calculated on a meaningful asset base. And revalued assets reflect current replacement values of assets better. While calculating RONW, the PAT is adjusted for preference dividends.

Dividends, where mentioned, include interim dividends and are annualised.

The **payout ratio** expresses total dividend as a percentage of PAT after adjustments for preference dividends.

Cash earnings stand for total cash generated from operations and are equal to gross profit net of taxation. **Cash earnings per share (CEPS)** is calculated by dividing total cash earnings by the total number of equity shares outstanding. The market price of a company's scrip, when divided by the CEPS, gives the **price-cash earnings ratio**. While calculating cash earnings, preference dividend (if any) is adjusted. These ratios are relevant as investors should be interested in the cash generation capabilities of a company from its operations, which have a bearing on its ability to make disbursements towards dividends and creditors in time.

Yield stands for the dividend expressed as a percentage of the market price and takes into account interim dividend, if any.

The **price-book value (P/BV) ratio** is the number of times by which the scrip's market price discounts its intrinsic value. It is sometimes helpful in identifying potentially worthwhile buys. However, this ratio will be of more utility when read along with the RONW figures.

VITAL STATISTICS

Company (The figures following the company name indicate face value and market lot in that order)	Eq Cap RsCr	Free Res RsCr	Revl Res RsCr	Book Value Rs	Gross Sales RsCr	Other Inc RsCr	Gross Profit RsCr	GrPr Mgn (%)	PAT RsCr	Adj PAT RsCr	Cash Earn RsCr	EPS Rs	Ret/ Net Worth (%)	Div (%)	Pay Out (%)	Mkt Price 10May	P/E Multiple	Last Bonus		Bon-us % in Cap	MarketPrice				Yield on Mkt Price (%)	Price to BkVal Times
																		Ratio	Year		High 1989 Rs	Low 1989 Rs	High 1990 Rs	Low 1990 Rs		
AbacusComp(10/100/d)	1.4	0.2	0.0	11.3	10.2	0.1	0.45	4.3	0.26	0.29	0.37	2.27	12.9	8.0	48	15.50	6.82	0.00	_	0	10	4	NA	NA	6.32	1.38
AbanLoyd(10/100/e)	4.0	0.9	0.0	12.3	13.9	0.0	3.65	26.2	1.12	1.12	3.44	2.82	23.0	10.0	28	38.00	13.47	0.00	_	0	41	14	48	37	2.05	3.10
AbbotLab(10/50/g)	2.3	2.6	0.0	21.5	34.5	0.3	0.69	2.0	0.22	0.97	0.58	1.30	3.4	0.0	NA	37.00	28.38	89:1	80	40	73	38	55	35	NA	1.72
ACC(100/5/a)	56.0	81.3	0.0	245.3	537.2	16.3	26.89	4.9	-5.64	-23.61	18.71	-6.72	-6.2	0.00	NA	465.00	NA	1:5	86	33	374	230	465	229	NA	1.90
AdvaniOer(10/100/b)	7.0	8.9	2.6	22.7	122.0	1.8	4.57	3.7	0.84	0.90	3.37	1.80	3.0	10.0	117	20.50	11.39	1:1	86	46	18	8	21	15	7.32	0.90
AlembicChem(100/5/c)	4.1	9.1	7.2	319.7	84.2	1.7	3.55	4.1	1.70	1.74	3.23	34.39	10.0	18.0	36	280.00	8.14	1:3	66	18	450	260	440	280	5.37	0.88
AlfaLaval(10/50/d)	7.8	19.0	0.0	34.3	68.2	4.3	9.86	13.6	7.77	7.77	7.86	12.42	23.2	20.0	17	112.50	9.06	1:2	89	63	140	72	130	95	1.48	3.28
AmalRasayan(10/50/e)	1.5	2.5	2.3	26.6	22.4	0.4	3.60	15.8	2.35	2.35	3.42	15.88	37.5	25.0	16	65.00	4.09	0.00	_	0	148	19	83	58	3.85	2.44
AmritBan(10/100/e)	2.1	13.9	6.9	77.3	221.7	3.4	6.01	2.7	-0.81	0.93	6.01	-4.11	-3.7	10.0	24	51.25	NA	1:1	89	39	118	80	56	38	1.98	0.66
AntifricBear(10/100/e)	3.2	6.0	0.0	28.6	41.9	1.1	6.05	14.1	2.67	2.68	4.60	8.08	28.3	20.0	25	65.00	8.04	1:2	81	23	60	9	74	60	3.10	2.27
AP Paper(100/5/f)	5.6	6.8	0.0	220.1	69.7	1.1	3.97	5.6	2.21	2.21	3.97	29.44	23.8	0.0	NA	1010.00	34.31	1:4	80	20	830	67	1100	625	NA	4.59
AppleInds(10/50/b)	3.8	1.9	0.0	15.1	11.3	0.1	4.38	38.6	2.53	2.41	4.05	10.12	29.8	23.3	54	37.50	3.71	0.00	_	0	35	12	43	23	9.32	2.48
ArvindMills(10/50/d)	7.1	34.6	0.0	58.5	190.0	5.8	10.16	5.2	3.95	5.14	9.46	6.92	7.6	24.0	32	48.75	7.04	1:3	86	55	44	25	55	48	4.75	0.83
Asea Br Bv(10/50/h)	5.3	16.6	8.9	41.4	139.2	4.9	4.52	3.1	3.10	3.51	4.21	5.38	11.0	25.1	34	82.50	15.33	1:3	78	30	910	600	95	55	2.78	1.99
AsianBearings(10/50/e)	7.4	3.6	0.0	14.8	15.5	0.9	0.61	3.7	-1.54	-0.61	0.14	-2.07	-14.0	0.0	NA	18.00	NA	0.00		0			NA	NA	NA	1.21
AsianCab(10/50/e)	5.6	7.3	6.2	23.1	65.4	3.6	5.19	7.5	2.49	3.62	4.69	3.81	11.2	12.0	21	29.25	7.68	1:3	81	25	72	26	38	27	4.10	1.27
AsianPaints(10/50/d)	12.4	41.0	0.0	43.0	272.1	1.7	24.25	8.9	15.12	13.49	18.25	15.12	22.5	33.6	39	236.25	15.62	1:2	87	86	231	161	255	208	1.78	5.50
Assam Co(10/50/f)	7.0	26.0	0.0	47.2	46.1	0.9	12.48	26.6	8.81	8.81	9.98	9.44	35.6	66.7	40	118.75	12.58	1:1	89	50	138	65	149	112	4.21	2.52
Astra-IDL(10/50/f)	2.5	3.0	0.0	21.9	14.0	0.2	1.47	10.4	0.92	0.92	1.23	2.76	22.4	13.3	27	43.75	15.85	0.00	_	0	55	24	45	38	2.29	2.00
AtlasCopco(10/50/d)	7.3	7.8	0.0	20.7	56.7	3.0	2.69	4.5	0.70	0.59	2.39	1.21	3.7	8.0	124	37.00	30.66	1:2	87	82	57	32	49	33	2.72	1.78
AtlasCycle(10/50/f)	1.2	7.6	7.0	76.3	76.8	1.7	2.02	2.6	1.10	1.10	2.02	6.98	9.1	20.0	16	71.25	10.21	1:2	87	80	150	80	80	73	2.07	0.93
AveryIndia(10/50/d)	4.2	11.9	0.0	38.3	44.0	0.9	9.27	20.7	4.02	4.07	4.87	11.96	20.0	28.0	36	124.00	10.36	2:5	84	58	169	93	124	120	2.82	3.24
A.Sarabhai(10/50/e)	18.8	23.1	0.0	22.3	134.8	2.6	4.78	3.5	3.39	2.40	4.61	1.81	8.1	0.0	NA	16.00	8.86	1:5	82	17	26	12	26	11	NA	0.72
BajajAuto(10/50/f)	18.8	346.6	0.0	194.3	599.5	24.7	72.97	11.7	30.50	30.40	68.47	12.16	11.1	46.7	22	442.50	36.39	1:1	87	95	453	290	468	355	0.79	2.28
BajajElec(100/5/f)	1.9	6.6	2.9	443.8	70.0	2.3	2.99	4.1	1.65	1.55	1.90	64.45	19.2	33.3	15	600.00	9.31	1:1	89	50	1450	600	650	540	2.08	1.35
BajajHind(100/5/a)	5.6	23.0	39.9	510.0	75.1	1.5	4.04	5.3	0.60	1.33	3.30	7.14	1.3	18.0	50	580.00	81.20	1:4	86	95	600	380	560	360	2.06	1.14
BajajTempo(10/50/b)	6.6	30.8	0.0	56.7	259.1	4.8	27.73	10.5	3.65	3.73	27.48	8.30	6.5	13.3	35	170.00	20.49	1:1	86	87	152	100	140	118	1.18	3.00
BakeliteHyl(10/50/f)	4.5	10.1	9.4	32.4	55.8	2.2	3.57	6.2	1.66	1.88	3.07	2.77	9.2	18.7	34	35.00	12.65	2:3	80	78	61	24	49	29	4.00	1.08
BallarpurInds(10/100/f)	21.0	66.2	187.5	41.5	364.6	8.1	28.05	7.5	11.65	11.70	25.70	4.11	5.6	24.0	33	153.75	37.45	1:2	89	74	225	64	159	112	1.17	3.70
BarodaRayon(100/5/f)	18.0	32.4	0.0	280.0	132.9	1.0	18.25	13.6	11.30	11.33	16.15	46.74	29.7	20.0	17	848.75	18.16	1:2	82	23	837	285	910	618	1.27	3.03
BASF(10/50/d)	4.3	11.1	2.6	36.2	84.6	5.3	10.32	11.5	3.63	3.47	6.39	10.59	16.0	20.0	26	162.50	15.34	1:2	88	56	155	102	163	123	1.30	4.50
Bata(10/50/e88)	10.5	17.5	0.0	26.7	259.0	0.4	4.81	1.9	1.41	2.46	3.36	1.34	5.0	10.00	43	72.00	53.62	1:1	87	93	159	52	82	64	1.39	2.70
Bayer(100/5/d)	16.2	15.6	0.0	196.0	162.3	2.3	17.71	10.8	9.32	9.25	12.10	71.82	23.5	24.0	53	845.00	11.76	1:1	87	78	910	580	880	800	3.55	4.31
BergerPaints(10/100/f)	3.8	9.9	3.3	36.0	65.9	0.6	1.46	2.2	0.94	0.94	1.32	1.86	7.4	26.7	30	38.00	20.48	1:1	88	52	76	37	53	38	1.94	1.06
Best&Cromp(10/50/e)	7.1	19.1	2.3	37.0	145.4	2.5	2.81	1.9	0.53	0.53	1.98	0.73	1.8	10.0	90	36.00	49.02	3:5	82	27	96	31	59	40	1.84	0.97
hadrachalamP(10/50/b)	10.6	19.8	0.0	28.8	101.1	0.7	12.08	11.9	6.01	6.94	10.87	8.40	13.0	23.3	54	92.50	11.01	0.00	_	0	121	31	124	80	3.78	3.22
haratForge(10/50/b)	14.2	25.7	0.0	28.1	235.1	12.8	22.07	8.9	12.33	12.84	19.32	12.99	20.6	25.0	21	97.50	7.51	1:1	88	61	202	65	101	85	1.90	3.47
haratVijay(100/5/d)	2.8	10.9	6.8	493.1	78.4	1.7	6.92	8.6	3.96	3.81	7.25	178.70	15.5	20.0	18	525.00	2.94	1:6	83	54	895	525	540	480	4.74	1.06
iharAlloy(10/50/d)	8.2	0.9	0.0	11.1	113.1	1.4	6.12	5.3	2.84	2.77	5.96	4.10	23.6	0.0	NA	27.50	6.71	0.00	_	0	51	32	40	24	NA	2.47
imetalBearings(10/50/f)	1.9	10.9	0.0	67.1	16.9	0.5	4.33	24.8	2.16	2.16	3.08	8.48	22.5	36.7	25	92.50	10.91	1:1	89	52	145	41	93	80	3.00	1.38
indalAgro(10/50/e/88)	14.9	42.5	0.0	38.6	103.7	2.7	8.52	8.0	7.53	7.53	8.52	5.07	13.1	50.00	24	72.50	14.30	0.00	_	0	120	22	80	55	1.71	1.88
irlaJute(10/100/e)	20.4	168.0	0.0	92.5	401.8	15.9	31.16	7.5	11.04	11.04	29.06	5.42	5.9	18.0	33	82.50	15.22	1:1	86	86	74	40	72	52	2.18	0.89
lueStar(10/50/f)	3.6	11.9	5.3	43.4	101.0	9.2	4.36	4.0	2.72	2.72	3.65	5.73	17.4	24.0	24	78.00	13.62	3:5	86	83	83	54	85	70	2.31	1.80
ombayDyg(10/50/e)	11.2	70.7	0.0	72.9	356.1	4.8	41.83	11.6	18.03	18.03	38.52	16.04	22.0	30.0	19	216.50	13.50	1:1	79	87	210	104	231	173	1.38	2.97
oots(10/50/e)	8.1	8.8	0.0	20.8	61.0	1.7	8.49	13.5	4.43	3.86	5.57	5.47	26.3	23.0	48	115.00	21.03	1:1	87	86	148	100	138	90	2.00	5.52
ritannia(10/100/g)	18.6	22.0	0.0	21.8	355.4	8.5	20.54	5.6	10.99	10.99	12.84	7.89	20.3	24.0	36	116.25	14.73	1:2	89	89	140	82	118	52	1.83	5.33
rkBond(10/50/e)#	44.2	39.8	0.0	19.0	539.4	12.3	51.91	9.4	27.99	28.66	6.98	6.20	32.7	30.0	46	118.00	19.03	4:5	89	83	156	76	117	92	2.54	6.21
ST (10/50/b)	3.7	1.5	9.2	14.1	49.6	10.2	-0.82	-1.4	-1.71	-1.47	-0.82	-7.22	-8.2	0.0	NA	9.50	NA	1:1	74	36	11	6	NA	NA	NA	0.68
ableCorp(10/100/d)	9.0	18.7	0.0	30.7	122.1	4.9	19.17	15.1	10.34	10.17	12.59	14.36	29.9	22.0	24	73.75	5.14	1:2	87	71	92	58	83	60	3.74	2.40
adburys(10/50/f)	8.4	12.1	0.0	24.4	67.5	0.8	8.08	11.8	4.45	4.47	5.78	3.97	29.0	33.3	47	160.00	40.27	1:1	87	80	157	98	173	134	1.56	6.57
amphor&Allied(100/5/d)	2.6	8.2	0.0	415.0	35.9	0.4	6.13	16.9	3.81	3.78	4.73	183.17	28.2	20.0	17	72.50	0.40	1:3	82	53	355	123	NA	NA	34.48	0.17
arborundum(10/50/e/)**	5.9	21.1	5.1	45.7	64.2	1.6	11.52	17.5	5.72	5.72	7.92	9.66	17.8	25.00	26	80.50	8.33	2:5	87	83			108	75	3.11	1.76
eat(10/50/e)	14.8	75.4	26.1	61.1	410.2	11.0	42.29	10.0	21.35	21.27	27.79	14.46	18.4	30.0	21	83.75	5.79	1:2	86	37	180	91	160	74	3.58	1.37
mindia Co(10/50/b)	1.3	8.1	0.0	73.1	26.0	0.1	3.07	11.7	1.30	1.32	2.37	15.23	9.3	26.7	39	110.00	7.22	3:5	84	38	130	68	125	93	3.62	1.50
owguleSt(10/50/e)	10.0	0.1	0.0	10.1	42.9	0.4	13.67	31.6	4.86	4.86	13.67	4.86	48.3	0.0	NA	35.00	7.20	5:2	77	35	20	3	34	23	NA	3.48
assicDia(10/100/d)	3.5	2.5	0.0	17.2	46.7	0.1	3.02	6.5	2.92	2.92	2.93	10.43	38.8	12.0	14	65.00	6.23	0.00	_	0	41	9	84	61	1.76	3.78
chinRef(100/5/e)	68.5	82.2	0.0	220.0	1164.2	3.3	61.78	5.3	41.50	41.56	54.92	60.61	27.6	18.0	4	800.00	13.20	0.00	_	0	510	265	760	595	0.33	3.64
ourChem(100/5/e)	7.9	13.4	0.0	268.8	101.5	4.6	6.46	6.1	3.02	3.66	5.41	38.04	14.2	22.0	48	610.00	16.04	2:5	80	84	700	410	825	575	3.61	2.27
nFound(10/100/b)	0.5	1.2	0.0	32.5	5.2	0.1	0.97	18.2	0.10	0.81	0.95	2.88	3.9	20.0	20	35.00	12.13	0.00	_	33	NA	NA	NA	NA	8.79	1.08
mptonGr(100/5/f)	9.6	39.1	28.5	507.0	320.2	3.0	14.82	4.6	7.75	8.91	12.52	60.55	13.4	24.0	19	1060.00	17.51	1:1	89	69	1425	600	1000	800	1.70	2.09

NOTE: The year 31 March for all above companies unless otherwise indicated. The accounting period in each case is, however, mentioned in the bracket following the company's name: a-8 months; b-18 months; c-10 months; d-15 months; e-12 months; f-9 months; g-16 months; h-11 months; i-14 months; j-17 months; k-13 months; l-7 months. (ended Dec88, ** ended Aug88, + ended Sep88, ++ ended Jul88 ; # ended December 90).*

Where the accounting period is other than 12 months, the figures for EPS, return on net worth and dividend have been annualised.

INVESTMENT WORLD

VITAL STATISTICS

Company (The figures following the company name indicate face value and market lot in that order)	Eq Cap RsCr	Free Res RsCr	Revl Res RsCr	Book Value Rs	Gross Sales RsCr	Other Inc RsCr	Gross Profit RsCr	GrPr Mgn (%)	PAT RsCr	Adj PAT RsCr	Cash Earn RsCr	EPS Rs	Ret/ Net Worth (%)	Div (%)	Pay Out (%)	Mkt Price 10May	P/E Multiple	Last Bonus Ratio	Last Bonus Year	Bonus % in Cap	MarketPrice 1989 High Rs	MarketPrice 1989 Low Rs	MarketPrice 1990 High Rs	MarketPrice 1990 Low Rs	Yield on Mkt Price (%)	Price to BkVal Times
Cyanamid(10/50/g)	5.3	9.8	0.0	28.6	64.1	2.0	5.87	8.9	2.96	0.55	4.79	7.52	14.8	15.0	191	115.00	15.30	9:4	79	74	108	55	115	86	1.74	4.02
DCM(10/100/f)	23.0	31.8	0.0	23.8	552.6	13.1	15.14	2.7	4.15	6.54	15.03	1.35	10.1	0.0	NA	52.50	38.83	4:5	71	61	85	31	60	47	NA	2.20
DCW(10/50/b)	5.9	20.4	14.8	44.6	170.3	3.8	7.88	4.5	3.85	3.85	7.38	9.80	6.2	21.3	29	66.50	6.78	1:1	88	67	44	25	66	40	2.81	1.49
DeepakFert(10/50/e)	14.8	11.1	0.0	17.5	45.9	2.3	16.26	33.7	6.96	6.94	14.68	4.54	25.9	18.0	40	29.50	6.50	0.00	_	0	52	23	39	26	6.10	1.69
DeepakNitrite(10/50/j)	2.4	5.7	9.3	33.3	39.6	3.4	5.42	12.6	2.08	2.72	4.35	12.13	8.4	25.0	25	95.00	7.83	2:5	85	81	54	27	105	80	2.95	2.85
DharamsiMor(10/50/d)	6.4	10.5	0.0	26.4	124.1	3.1	5.95	4.7	1.99	2.28	5.55	3.87	9.4	16.0	56	55.00	14.19	2:5	79	88	46	27	55	40	3.63	2.08
Dunlop(10/100/e)	19.0	64.8	94.6	44.1	407.7	10.3	32.06	7.7	9.99	9.99	23.24	5.24	5.6	30.0	57	56.00	10.69	1:3	76	54	100	61	75	53	5.36	1.27
Duphar (10/50/d)	1.8	3.2	0.0	27.2	31.3	1.0	1.84	5.7	0.77	1.25	1.65	5.23	12.3	14.0	20	50.00	9.56	1:3	88	74	85	38	70	40	2.72	1.84
EicherMot(10/100/h)	10.0	0.3	0.0	10.3	92.1	0.6	-2.74	-3.0	-3.42	-3.42	-2.74	-3.14	-36.4	0.0	NA	23.00	NA				17	9	20	16	NA	2.24
EIDParry(10/50/e)	6.3	14.5	13.3	33.1	206.7	27.3	15.40	6.6	9.42	9.42	12.59	15.00	27.6	25.0	17	90.00	6.00				72	34	94	72	2.78	2.72
EleconEngg(10/50/d)	5.7	27.0	0.0	57.7	150.0	1.4	13.11	8.7	3.27	3.25	10.94	7.23	8.0	16.0	35	81.25	11.23	3:5	87	61	85	50	88	68	2.46	1.41
ElgiEquip(10/50/h)	1.0	9.4	0.0	103.8	44.6	0.5	3.33	7.4	2.09	2.09	3.08	19.16	22.0	19.6	9	240.00	12.53	1:1	86	88	340	260	260	200	0.75	2.31
Enfield(10/100/f)	5.0	0.0	9.0	10.0	53.9	0.2	0.74	1.4	-1.36	-1.36	0.74	-2.25	-14.3	0.0	NA	14.00	NA	1:1	85	31	14	9	21	13	NA	1.40
EnglishElect(10/100/e)	9.0	18.2	0.0	30.2	60.9	1.1	4.88	7.9	2.46	2.46	3.51	2.73	9.1	7.5	28	77.00	28.17	1:1	87	75	72	47	76	56	0.98	2.55
Escorts(10/50/d)	33.9	91.0	23.7	36.9	759.0	24.4	32.81	4.2	18.00	18.31	29.40	6.64	9.7	22.4	48	87.00	13.11	3:5	86	57	84	58	90	78	2.98	2.36
Eskayef(10/50/g)	7.5	21.0	0.0	38.0	68.5	1.4	13.00	18.6	8.22	8.60	8.45	14.61	21.6	20.3	24	135.00	9.24	1:2	88	33	151	102	139	121	2.00	3.55
EssarShip(10/100/b)	46.1	47.8	0.0	20.4	142.9	1.5	45.49	31.5	19.39	19.52	43.34	6.28	13.7	20.0	68	39.00	6.21				35	16	42	26	7.35	1.92
EssenComp(10/50/h)	1.3	6.6	0.0	59.9	16.8	1.2	2.40	13.3	1.64	1.64	1.79	11.30	22.4	24.0	9	57.50	5.09	0.00	_	0	NA	NA	83	48	1.83	0.96
EverestBldg(10/50/d)	2.5	12.7	0.0	61.4	92.6	2.3	7.22	7.6	4.83	4.04	5.89	24.44	25.5	32.0	25	175.00	7.16	1:3	66	41	150	102	185	133	2.29	2.85
ExcelInd(10/50/b)	4.6	11.5	0.0	34.9	103.2	8.2	12.05	10.8	7.17	6.77	9.95	23.28	29.7	66.7	68	188.00	8.08	4:5	84	82	180	116	193	182	5.32	5.39
FerroAlloys(10/50/f)	5.5	29.9	0.0	641.8	158.6	3.7	22.43	13.8	12.50	11.30	19.15	169.84	47.0	26.7	10	85.00	0.50	1:2	80	43	1675	580	126	100	23.44	0.13
FinolexCables(10/50/g)	3.2	30.8	0.0	105.1	126.1	6.1	29.12	22.0	19.02	19.02	22.43	78.27	41.9	45.0	10	210.00	2.68	4:5	88	44	430	220	283	200	2.85	2.00
FinolexPipes(10/100/l)	9.0	9.9	0.0	21.1	38.3	1.6	2.32	5.8	1.82	1.89	2.32	1.18	16.5	25.7	11	33.75	28.55				51	44	65	33	0.69	1.60
GE Shipping(10/100/f)	64.9	57.9	0.0	18.9	111.9	2.4	45.06	39.4	22.74	23.46	40.68	2.63	24.7	16.0	28	49.00	18.63	2:3	81	36	53	33	55	44	2.10	2.59
GeneralElect(10/50/e)	7.2	27.9	0.0	48.7	149.3	2.4	7.23	4.8	3.06	10.03	4.32	4.25	8.7	15.0	11	22.00	5.18	1:1	89	53	85	46	22	19	6.82	0.45
GermanRem(100/50/d)	3.3	5.4	0.0	26.7	56.4	0.9	2.11	3.7	0.77	1.01	1.91	2.95	7.1	12.0	49	130.00	44.03	3:5	82	80	102	60	100	68	1.16	4.88
Glaxo(10/50/f)	20.0	46.1	0.0	33.0	223.5	7.6	15.25	6.6	7.60	13.64	12.83	2.85	15.3	26.7	29	105.00	36.84	1:3	80	54	107	70	128	91	1.90	3.18
GNFC(10/50/f)	89.0	101.2	0.0	21.4	238.8	3.2	20.07	8.3	22.76	22.76	34.80	1.92	16.0	13.3	39	37.50	19.55				57	28	48	36	2.67	1.75
GodfreyPhil(10/100/d)	2.6	3.8	0.0	24.6	452.0	1.8	4.93	1.1	1.47	1.47	3.19	6.97	18.2	28.0	63	76.25	10.94	1:1	75	34	62	25	75	55	4.59	3.10
GokakPatel(10/50/f)	6.5	19.1	0.0	39.3	60.9	5.9	6.30	9.4	3.91	3.91	6.05	4.50	20.3	26.7	33	120.00	26.68	1:1	87	79	120	67	115	75	1.66	3.05
GoodlassNero(10/50/f)	3.2	6.2	8.0	29.0	84.8	0.9	1.49	1.7	0.95	0.95	1.28	2.20	7.3	16.7	43	71.25	32.40	5:7	78	57	90	42	83	60	1.78	2.46
GordonWood(10/50/e)	2.5	3.7	3.4	24.7	16.8	0.2	-1.73	-10.2	-1.87	-1.87	-1.73	-7.51	-19.6	0.0	NA	7.50	NA	0.00	_	0	14	3	NA	NA	NA	0.30
Graphite(10/50/d)	4.2	9.6	0.0	32.8	58.6	2.3	4.16	6.8	2.13	2.13	3.72	6.24	12.2	16.0	40	43.75	7.02	1:2	80	56	38	18	45	15	4.56	1.34
Grasim(10/50/e)	48.5	217.7	0.0	54.9	803.0	32.2	92.27	11.0	39.64	48.33	73.12	8.13	14.8	27.5	22	127.00	15.61	3:4	88	61	137	75	200	106	1.69	2.31
GreavesCot(100/5/f)	9.9	23.2	0.0	334.9	142.8	3.0	8.08	5.5	5.02	5.01	6.44	37.88	20.1	24.0	24	620.00	16.37	1:2	88	86	720	375	710	600	1.93	1.85
GSFC(10/50/d)	44.9	208.5	0.0	56.4	676.3	14.7	70.61	10.2	35.55	48.66	61.51	9.88	11.2	30.0	21	190.00	19.23	3:10	87	64	190	123	188	166	1.18	3.37
GTC Ind(10/50/f)	5.0	58.9	0.0	127.9	157.4	13.6	4.43	2.6	1.92	1.92	2.28	2.88	4.0	32.0	63	28.25	9.81	1:4	72	66	28	13	31	21	8.50	0.22
Guj Alkalies(10/50/e)	17.9	31.0	0.0	27.3	101.0	1.3	15.69	15.3	8.01	5.73	16.89	4.47	16.4	26.0	81	82.00	18.33	1:5	87	18	78	62	89	75	3.17	3.01
Guj Ambuja(10/100/e)	20.0	5.6	0.0	12.8	94.2	1.4	11.58	12.1	3.86	3.97	11.59	1.93	15.1	12.0	60	20.00	10.36				28	14	38	21	6.00	1.56
Guj Steel(10/50/e)	4.6	9.8	7.3	313.0	116.2	1.8	3.39	2.9	1.80	1.59	4.15	39.13	8.3	15.0	43	28.00	0.72	1:1	82	57	380	210	36	25	53.57	0.09
HCL(10/100/e)	14.9	24.7	0.0	26.6	172.5	2.0	11.39	6.5	9.60	9.60	10.93	6.46	24.3	10.0	15	32.00	4.95				43	27	37	24	3.11	1.20
HDFC(100/10/f)	20.0	44.6	0.0	322.9	107.5	0.2	18.69	17.3	16.47	14.50	17.96	61.76	34.0	18.7	19	335.00	5.42				345	175	355	330	4.18	1.04
Herdillia(10/50/f)	7.4	24.4	15.0	43.2	65.1	1.5	9.83	14.8	6.24	5.66	7.72	6.37	17.8	28.0	27	89.00	13.98	1:2	78	33	112	66	100	85	2.35	2.06
HeroHonda(10/50/f)	16.0	3.8	0.0	12.3	101.7	2.8	-1.38	-1.3	-4.97	-4.70	-1.38	-3.11	-25.2	0.0	NA	19.00	NA				39	16	18	15	NA	1.54
HindLever(10/50/e)#	93.3	135.2	0.0	24.4	1008.2	3.0	105.1	10.4	53.81	55.37	7.42	5.76	23.5	35.0	59	116.50	20.23	1:1	87	91	102	69	124	101	3.00	4.74
Hind Ciba(100/5/d)	17.7	40.1	0.0	326.3	255.5	3.7	31.40	12.1	14.91	13.59	22.17	105.24	20.6	24.0	39	1365.00	12.97	1:2	80	74	1465	600	1660	960	2.20	4.18
Hind Motors(10/100/e)	26.4	46.0	32.3	27.4	525.9	13.2	5.34	1.0	-5.81	-4.77	5.34	-2.20	-5.6	7.5	-41	33.50	NA	1:1	86	58	51	20	31	20	2.23	1.22
HMM (10/50/h)	14.2	20.8	0.0	24.6	100.9	3.9	20.21	19.3	12.84	14.43	13.61	8.30	40.1	53.5	48	297.50	35.84	1:1	87	96	270	155	320	230	1.65	12.07
Hoechst(100/5/d)	9.6	32.8	17.5	442.1	239.4	29.6	8.55	3.2	4.51	4.51	7.70	58.85	6.0	16.0	43	2065.00	35.09	1:2	82	72	2040	490	2300	1260	0.97	4.67
HyderabadInd(10/50/d)	5.5	33.6	8.9	70.8	143.9	5.9	11.74	7.8	6.23	6.23	8.55	14.08	10.4	20.0	23	90.50	6.43	1:1	88	82	153	77	NA	NA	2.84	1.28
ICI (10/50/b)	40.9	84.2	39.4	30.6	693.6	170.2	42.45	4.9	20.90	21.80	41.17	7.67	8.5	15.0	42	39.00	5.08	1:3	78	21	69	37	52	34	5.77	1.27
IndiaCements(10/50/e)	4.9	19.0	24.8	48.8	132.2	4.8	3.00	2.2	-1.16	-0.87	3.00	-2.37	-2.4	8.0	-45	84.00	NA	2:5	70	29	32	13	35	15	0.95	1.72
IndiaFoils(10/50/d)	4.4	15.1	3.8	44.5	105.2	9.3	6.23	5.4	2.70	2.70	4.33	7.71	9.3	24.0	49	77.50	10.06	1:4	82	11	103	61	96	76	3.86	1.74
IndianAlum(10/100/d)	41.5	66.8	0.0	26.1	446.5	8.5	46.87	10.3	27.73	28.22	38.62	8.35	20.5	20.0	37	152.50	18.26	2:5	77	38	193	49	176	110	1.64	5.84
IndianDystuff(100/5/e)	11.3	13.4	18.5	218.6	190.5	13.2	5.46	2.7	0.82	1.59	5.46	7.24	1.9	10.0	59	345.00	47.63	1:4	80	40	260	165	380	250	2.41	1.58
IndianHotels(10/50/e)	14.8	49.7	0.0	43.6	115.9	1.9	17.11	14.5	9.37	9.37	15.61	6.34	14.5	30.0	32	89.00	14.05	1:2	89	50	150	80	93	83	2.25	2.04
IndianOrganic(10/50/e)	18.4	20.6	0.0	21.2	215.7	5.9	17.48	7.9	5.44	5.44	16.76	2.96	13.9	10.0	34	58.00	19.62	1:2	85	46	54	23	59	46	1.72	2.73
IndianRayon(10/50/e)	25.4	122.3	68.5	58.1	309.7	9.6	31.00	9.7	9.82	10.88	31.01	3.81	4.5	28.0	66	106.00	27.80	1:4	80	3	106	75	114	84	2.64	1.82
IndiaSteamship(10/50/e)	9.9	-53.5	0.0	-44.1	83.7	8.7	22.70	24.6	11.61	11.61	22.69	11.72	-26.6	0.0	NA	14.00	1.19	1:1	75	27	17	10	19	12	NA	NA
Indrol(10/50/e)	6.2	24.3	1.9	49.5	154.9	2.3	11.76	7.5	7.27	9.84	8.66	11.80	22.4	36.0	19	237.50	20.12	1:1	86	41	335	175	246	161	1.30	4.80

NOTE: The year 31 March for all above companies unless otherwise indicated. The accounting period in each case is, however, mentioned in the bracket following the company's name: a-8 months; b-18 months; c-10 months; d-15 months; e-12 months; f-9 months; g-16 months; h-11 months; i-14 months; j-17 months; k-13 months; l-7 months. (ended Dec88, ** ended Aug88, + ended Sep88, ++ ended Jul88 ; # ended December 90).*

Where the accounting period is other than 12 months, the figures for EPS, return on net worth and dividend have been annualised.

VITAL STATISTICS

Company (The figures following the company name indicate face value and market lot in that order)	Eq Cap RsCr	Free Res RsCr	Revl Res RsCr	Book Value Rs	Gross Sales RsCr	Other Inc RsCr	Gross Profit RsCr	GrPr Mgn (%)	PAT RsCr	Adj PAT RsCr	Cash Earn RsCr	EPS Rs	Ret/Net Worth (%)	Div (%)	Pay Out (%)	Mkt Price 10May	P/E Multiple	Last Bonus Ratio	Last Bonus Year	Bonus % in Cap	MarketPrice High 1989 Rs	MarketPrice Low 1989 Rs	MarketPrice High 1990 Rs	MarketPrice Low 1990 Rs	Yield on Mkt Price (%)	Price to BkVal Times
IngersollRand(10/50/d)	15.8	23.1	0.0	24.6	102.3	7.2	21.73	19.8	13.21	13.21	14.51	10.46	27.2	36.0	27	222.50	21.26	1:1	89	97	425	180	245	190	1.01	9.03
IOL (10/50/b)	14.6	19.2	13.5	23.2	221.8	0.7	12.94	5.8	4.17	5.70	12.16	4.28	5.9	6.7	26	49.00	11.44	1:3	85	81	50	41	40	33	2.04	2.12
ITC (10/100/f)	66.3	41.9	84.5	16.3	1058.7	9.0	53.00	5.0	29.20	29.20	34.99	3.30	20.2	53.3	45	71.00	21.51	1:1	89	63	130	40	69	50	2.82	4.35
JagjitInd(10/100/e)	6.1	19.1	3.9	41.5	121.8	1.8	12.99	10.5	8.45	8.45	10.40	13.93	29.1	35.0	25	115.00	8.26	1:1	88	92	120	60	120	74	3.06	2.77
JaiprakashInd(10/100/d)	66.1	41.9	9.5	16.3	217.4	20.4	35.49	14.9	11.90	12.36	33.26	2.25	8.1	14.4	96	17.25	7.67				17	10	19	13	10.39	1.06
JayshreeTea(10/50/e)	6.2	15.1	23.6	34.6	87.4	14.1	7.96	7.1	1.03	2.68	6.99	1.67	2.3	15.0	34	130.00	77.62	1:2	85	92	113	47	135	77	1.15	3.76
Jenson&Nichol(10/50/f)	1.5	4.5	2.2	39.9	53.8	0.4	1.80	3.3	1.16	1.17	1.59	5.75	18.8	20.0	20	76.50	13.30	8:7	82	35	65	32	78	75	2.00	1.92
JindalStrips(10/100/f)	3.3	19.8	0.0	69.9	136.9	3.5	9.06	6.5	5.77	6.57	7.99	13.11	33.3	33.3	13	112.50	8.58	1:1	89	58	285	112	145	100	2.24	1.61
JK Syn(10/100/e)	38.4	130.0	107.0	43.8	764.5	9.7	64.80	8.4	18.35	18.86	62.60	4.69	6.5	22.0	39	58.00	12.38	1:3	83	53	92	55	67	50	3.21	1.32
JyotiInd(10/50/b)	2.7	10.2	8.6	48.1	59.1	0.6	-10.42	-17.5	-11.64	-11.62	-10.42	-65.15	-36.2	0.0	NA	16.00	NA	1:2	77	24	11	6	23	8	NA	0.33
KanoriaChem(10/100/f)	4.0	25.7	0.0	73.6	51.1	1.7	4.69	8.9	0.68	0.68	4.58	1.26	3.0	20.0	59	18.00	14.26	1:2	89	66	51	29	33	18	5.50	0.24
KEC Intl(10/50/b)	7.3	29.0	4.7	49.5	139.4	11.2	6.31	4.2	2.79	3.59	4.71	5.70	4.5	16.7	35	46.00	8.07	1:1	83	35	72	26	65	38	3.73	0.93
KesoramInd(10/100/e)	8.9	48.1	49.5	64.3	182.4	6.4	5.87	3.1	-6.19	-0.36	5.87	-7.14	-5.9	10.0	****	46.25	NA	1:2	79	67	66	39	54	41	2.15	0.72
KineticEngg(10/50/f)	2.4	19.5	0.0	91.1	88.0	1.5	9.30	10.4	3.27	2.88	9.30	10.22	19.9	40.0	13	142.50	13.94	1:1	89	78	395	120	148	134	1.05	1.56
KineticHonda(10/100/i)	10.0	2.8	0.0	12.8	69.9	1.2	3.17	4.5	1.57	1.36	3.18	1.83	10.5	0.0	NA	52.00	28.39				36	23	44	40	NA	4.05
Kirloskar C(10/50/e/88)	26.4	27.1	0.0	20.3	181.9	4.4	23.68	12.7	11.40	10.18	18.68	4.29	21.2	22.50	59	74.50	17.37	1:1	86	94	100	43	90	65	3.02	3.68
KirloskarOil(10/50/f)	5.8	15.0	0.0	36.0	102.6	3.5	5.28	5.0	2.28	2.34	4.76	2.87	14.2	13.3	26	36.00	12.55	3:7	76	77	67	29	40	27	2.80	1.00
KirloskarPneu(10/50/b)	3.9	9.0	0.0	33.5	103.1	5.6	10.92	10.0	6.65	6.55	9.36	25.91	34.4	15.0	13	47.50	1.83				73	45	73	45	4.76	1.42
KothariInd(10/50/e)	7.6	5.8	41.5	17.7	74.4	2.6	5.38	7.0	3.55	3.55	5.09	4.70	6.5	12.5	26	45.00	9.57				34	6	51	32	2.77	2.55
KSB Pumps(10/50/d)	8.7	14.7	0.0	26.9	55.4	1.4	15.10	26.6	8.31	8.38	9.81	11.94	28.4	24.0	16	225.00	18.84	1:1	89	90	445	180	228	185	0.67	8.36
LakhanpalNat(10/50/e)	4.7	6.1	0.0	23.1	61.2	0.6	2.79	4.5	1.16	1.15	1.85	2.47	10.7	16.0	31	32.00	12.94	1:1	87	50	40	16	34	23	2.40	1.39
LakshmiMach(100/5/d)	6.1	18.9	0.0	409.7	614.0	10.0	16.42	2.6	6.97	6.80	15.77	143.06	22.3	16.0	18	885.00	6.19	1:2	89	58	700	365	960	690	2.26	2.16
L&T(10/50/b)	68.1	209.9	84.3	40.8	1197.1	16.0	109.4	9.0	36.52	42.49	96.56	8.05	6.7	20.0	41	79.00	9.82	3:5	86	56	128	69	122	57	3.23	1.94
MadrasCements(100/5/d)	3.0	12.0	0.0	498.0	99.7	1.4	4.85	4.8	-7.07	-6.71	4.81	-297.19	-38.2	0.0	NA	875.00	NA				810	380	725	421	NA	1.76
MaduraCoats(10/50/f)	21.8	46.8	56.9	31.4	210.0	1.7	20.74	9.8	11.43	11.49	18.79	3.93	12.1	33.3	48	112.00	28.52	1:2	86	47	109	90	116	101	2.24	3.56
MafatlalDyes(10/50/d)	3.2	7.9	0.0	35.0	52.6	1.9	2.78	5.1	1.49	1.49	1.63	5.91	10.8	13.6	19	36.00	6.09	1:4	89	67	70	27	39	33	2.56	1.03
MafatlalFine(100/5/e)	14.5	23.8	0.0	264.3	177.4	14.9	7.98	4.2	1.33	3.04	7.72	9.19	3.5	10.0	48	315.00	34.27	1:3	80	39	375	180	275	205	3.18	1.19
MafatlalInd(100/5/e)	13.5	43.5	0.0	423.6	125.3	10.5	8.41	6.2	0.65	0.67	7.51	4.83	1.1	20.0	322	525.00	108.6	1:5	78	32	390	255	500	360	3.06	1.24
MahScooters(10/50/e)	2.9	27.4	0.0	105.9	85.9	10.0	11.19	11.7	7.41	7.39	7.99	25.91	24.5	35.0	14	415.00	16.02	1:1	86	65	306	215	415	185	0.84	3.92
Mah&Mah(10/50/j)	19.3	76.2	29.8	49.5	955.9	36.9	45.58	4.6	18.54	20.09	42.48	13.64	10.5	24.7	34	88.75	6.51	2:3	84	72	113	76	103	68	4.02	1.79
MangChem(10/50/d)	12.4	12.4	0.0	20.0	144.8	36.3	10.09	5.6	8.85	12.74	18.84	8.91	28.6	8.0	10	17.50	1.96				54	17	24	16	5.71	0.88
May&Baker(10/50/d)	4.5	7.6	0.0	26.9	70.4	2.0	5.88	8.1	3.96	0.93	5.30	11.00	26.2	12.0	73	76.00	6.91				85	50	98	69	1.99	2.83
McDowells(10/100/f)	7.7	47.8	21.0	72.2	135.2	8.6	11.21	7.8	8.65	8.65	11.20	8.44	15.1	26.7	18	82.50	9.78	1:1	86	81	112	68	87	72	2.43	1.14
Mico (100/5/e/88)	38.1	56.4	0.0	248.3	228.3	5.2	44.81	19.2	15.07	15.44	30.71	39.61	15.9	14.00	35	845.00	21.34	1:1	86	91	700	318	1200	785	1.66	3.40
ModiInd(10/100/b)	3.3	0.0	0.0	10.0	230.7	6.4	-10.96	-4.6	-16.34	-8.39	-10.97	-74.23	-329.9	0.0	NA	21.00	NA	1:5	69	26	35	16	30	15	NA	2.10
ModiRubber(10/50/h)	10.4	52.5	0.0	60.6	408.9	5.0	26.13	6.3	13.51	13.51	22.13	11.93	23.4	27.3	19	58.00	4.86	0.00	—	0	125	70	75	44	4.32	0.96
ModiSteels(10/100/b)	2.4	1.8	0.0	17.6	21.5	0.6	1.41	6.4	1.02	0.98	1.21	6.48	16.3	16.00	22	35.00	5.40	1:1	87	14	44	23	44	23	2.66	1.99
ModiXerox(10/50/h)	19.5	1.8	0.0	10.9	87.2	0.9	8.70	9.9	4.29	3.57	7.97	2.02	22.1	12.0	56	69.00	34.16				73	52	75	64	1.48	6.33
MRF(10/50/b)	3.9	44.9	0.0	126.2	743.3	1.4	55.61	7.5	25.02	25.02	40.95	97.23	34.2	60.0	14	207.50	2.13	1:2	75	46	470	275	333	186	4.33	1.64
Mukand(10/50/f)	14.7	35.0	45.2	33.7	316.0	1.8	26.27	8.3	17.51	17.41	23.42	8.91	24.6	26.7	17	132.50	14.87	1:2	88	72	145	75	157	127	1.51	3.93
NationalSteels(10/50/e)	4.2	6.5	0.0	25.7	66.0	2.7	4.95	7.2	1.67	1.67	4.95	3.94	15.4	15.0	38	11.00	2.79				17	6	15	10	13.77	0.43
NatRayon(100/5/f)	6.0	-12.1	64.3	-101.3	123.0	1.0	3.31	2.7	1.73	1.31	3.31	20.34	3.7	0.0	NA	640.00	31.46	1:4	72	23	500	140	690	490	NA	NA
NipponDenro(10/100/b)	11.6	14.8	0.0	22.7	155.8	3.0	10.73	6.8	5.13	5.13	10.08	6.62	13.0	20.0	57	43.00	6.50				63	31	58	39	5.80	1.90
Nirlon(10/50/b)	15.8	8.5	16.7	15.4	153.9	2.1	-32.90	-21.1	-51.02	-73.38	-32.90	-48.56	-83.1	0.0	NA	15.00	NA	1:2	82	48	17	8	22	14	NA	0.98
NOCIL(100/5/d)	36.0	82.0	0.0	327.8	449.6	16.2	75.77	16.3	40.74	40.79	55.77	141.46	27.6	32.0	35	1250.00	8.84	1:2	86	67	1690	710	1660	1070	3.20	3.81
OrientalCarbon(10/50/e)	2.4	8.6	6.4	45.5	50.5	0.2	3.50	6.9	1.40	1.40	3.25	5.79	8.0	22.5	39	37.00	6.40	1:3	89	25	65	34	NA	NA	6.03	0.81
OrientPaper(10/100/e)	11.5	80.9	0.0	80.6	190.3	4.6	8.23	4.2	0.93	3.03	8.03	0.79	1.0	10.0	38	82.50	103.8	1:1	86	94	79	20	79	63	1.22	1.02
Orissa Cement(10/100/d)	5.4	26.7	23.7	59.4	141.5	3.8	8.22	5.7	0.25	6.28	8.22	0.58	0.4	16.0	17	36.00	62.21	1:1	87	58	37	32	35	25	5.56	0.61
Otis(10/50/g)	5.0	15.1	0.0	39.9	78.6	1.5	14.60	18.2	7.42	7.42	9.23	19.63	27.7	30.0	27	250.00	12.74	1:1	85	86	215	170	265	190	1.60	6.26
ParkeDavis(10/50/g)	7.5	7.3	0.0	19.7	100.8	1.0	6.16	6.1	3.06	3.37	4.16	5.42	15.5	26.3	78	100.00	18.46	3:5	78	31	115	37	143	83	3.51	5.07
PeicoElec(10/100/d)	33.3	19.9	20.0	16.0	506.3	6.0	-3.15	-0.6	-17.00	-13.49	-15.61	-6.38	-18.6	0.0	NA	29.00	NA	1:5	82	49	30	15	32	17	NA	1.81
PhillipsCarbon(10/50/e)	5.3	6.6	4.2	22.5	65.0	1.7	2.69	4.0	1.21	1.21	1.69	2.30	7.5	18.0	79	46.00	20.00	2:5	84	70	47	27	48	40	3.93	2.05
Polyolefins(100/5/d)	19.3	45.0	0.0	333.3	224.7	12.2	41.60	17.6	27.12	27.12	32.39	175.65	33.7	28.0	25	1125.00	6.40	1:2	88	69	1450	890	1525	1025	3.11	3.38
PrakashTubes(10/50/e)	3.5	11.5	0.0	42.7	71.3	0.5	5.27	7.3	2.56	2.56	4.79	7.29	17.1	21.0	29	36.50	5.00	3:4	81	9	59	30	37	34	5.78	0.85
PremierAuto(10/50/e)	21.1	62.1	50.7	39.5	452.2	13.0	24.78	5.3	13.65	13.74	21.33	6.48	10.2	27.0	35	63.00	9.72	1:1	86	38	76	39	75	54	3.60	1.59
Procter&Gamble(10/50/e)	6.7	11.6	0.0	27.4	65.4	2.1	9.11	13.5	6.15	6.26	7.24	9.21	33.6	30.0	32	210.00	22.81	4:5	88	82	410	170	235	185	1.43	7.66
PudumjeePulp(10/50/d)	3.1	12.0	0.0	48.9	51.5	1.8	5.77	10.8	2.38	2.38	5.31	9.66	12.7	12.0	19	115.00	11.91	1:5	82	55	100	16	118	100	1.30	2.35
PunjabConcast(10/50/f)	1.2	10.9	0.0	102.5	58.2	0.2	6.25	10.7	3.69	4.38	4.75	23.45	40.7	33.3	7	210.00	8.95				380	122	265	180	1.17	2.05
PunjabTractors(10/50/g)	3.2	20.8	0.0	76.2	117.4	1.6	8.53	7.2	3.90	3.90	5.55	16.51	12.2	30.0	16	185.00	11.21	2:5	81	29	250	115	195	135	1.06	2.43
alis(10/50/h)	9.5	36.2	0.0	48.0	296.7	2.5	11.52	3.9	7.59	8.02	10.28	7.30	18.1	27.3	30	65.00	8.90	3:10	77	12	150	90	105	65	3.84	1.35

NOTE: The year 31 March for all above companies unless otherwise indicated. The accounting period in each case is, however, mentioned in the bracket following the company's name: a-8 months; b-18 months; c-10 months; d-15 months; e-12 months; f-9 months; g-16 months; h-11 months; i-14 months; j-17 months; k-13 months; l-7 months. (ended Dec88, ** ended Aug88, + ended Sep88, ++ ended Jul88 ; # ended December 90). Where the accounting period is other than 12 months, the figures for EPS, return on net worth and dividend have been annualised.*

VITAL STATISTICS

Company (The figures following the company name indicate face value and market lot in that order)	Eq Cap RsCr	Free Res RsCr	Revl Res RsCr	Book Value Rs	Gross Sales RsCr	Other Inc RsCr	Gross Profit RsCr	GrPr Mgn (%)	PAT RsCr	Adj PAT RsCr	Cash Earn RsCr	EPS Rs	Ret/ Net Worth (%)	Div (%)	Pay Out (%)	Mkt Price 10May	P/E Multiple	Last Bonus Ratio	Last Bonus Year	Bonus % in Cap	MarketPrice 1989 High Rs	MarketPrice 1989 Low Rs	MarketPrice 1990 High Rs	MarketPrice 1990 Low Rs	Yield on Mkt Price (%)	Price to BkVal Times
RanbaxyLabs(10/50/d)	9.0	29.1	0.0	42.5	179.7	6.4	10.20	5.5	5.57	2.60	9.63	7.77	11.7	30.0	56	96.25	12.39	1:1	88	NA	132	70	110	86	1.68	2.26
Rasoi(10/50/d)	1.2	5.7	0.0	57.7	74.2	1.2	1.73	2.3	0.77	0.91	1.40	8.02	8.9	16.0	26	56.25	7.01	1:2	85	35	75	45	60	53	3.56	0.98
RathiAlloys(10/50/f)	2.9	12.9	0.0	54.9	84.2	0.3	9.67	11.4	2.02	2.02	7.77	5.26	17.0	40.0	43	133.00	25.28				167	93	161	135	2.27	2.42
Raymonds(10/50/e)	22.5	69.2	0.0	40.8	295.1	4.4	42.35	14.1	21.10	21.47	36.75	9.24	22.7	20.0	21	82.00	8.88	1:1	87	78	86	66	88	70	2.44	2.01
Reckitt&Col(10/50/e/88)	8.4	13.5	0.3	26.1	71.4	1.4	12.08	16.6	6.75	6.75	7.40	8.05	30.4	30.00	37	207.50	25.79	1:1	88	70	230	145	210	198	1.45	7.94
ReliancePetro(10/100/e)	86.5	0.5	0.0	10.1	0.0	26.6	6.81	25.6	5.02	5.02	5.87	0.58	5.8	15.00	90	24.50	42.20	0.00	–	0	52	37	27	22	2.14	2.44
Reliance(10/50/f)	152.1	913.4	0.0	70.0	1112.5	7.9	166.2	14.8	79.37	95.40	166.2	3.88	9.9	40.0	48	63.00	16.23	3:5	83	10	158	70	90	50	4.76	0.90
Revathi CP(10/50/e)	1.6	3.3	0.4	30.3	17.4	0.4	1.44	8.1	0.88	0.88	1.01	5.38	16.3	20.00	37	65.00	12.09	1:1	87	50	240	51	80	73	3.08	2.14
SandvikAsia(100/5/e/88)	5.8	8.8	0.0	252.1	45.8	0.8	6.72	14.4	2.71	2.93	4.93	46.89	18.6	25.00	49	660.00	14.08	1:1	84	80	1010	580	900	620	3.77	2.62
Searle I(10/50/d)	5.2	14.8	0.0	38.4	51.5	1.5	5.14	9.7	2.66	2.81	3.99	6.37	10.6	16.8	30	125.00	19.62	1:2	89	87	217	87	150	108	1.27	3.26
SesaGoa(10/50/e)	5.2	10.2	0.0	29.8	53.9	0.3	3.43	6.3	1.10	1.13	3.22	2.14	7.2	14.0	64	102.00	47.75	2:5	86	42	78	26	109	89	1.37	3.42
Sesha Paper(10/100/e)	6.3	0.0	0.0	10.0	53.3	1.8	0.53	1.0	-2.50	-2.50	0.52	-4.00	-40.0	0.0	NA	14.00	NA	1:2	76	28	19	4	13	10	NA	1.40
ShalimarPaints(10/100/d)	1.9	1.6	0.0	18.4	69.8	0.6	-1.96	-2.8	-2.09	-2.09	-1.96	-13.82	-48.0	0.0	NA	41.00	NA	3:10	82	67	49	20	44	38	NA	2.23
ShawWallace(10/100/f)	12.0	28.1	0.0	33.4	216.3	20.7	15.67	6.6	8.85	8.85	10.02	5.53	29.4	40.0	41	92.00	16.63	1:1	87	94	103	74	92	67	3.26	2.75
ShreeSyn(10/50/f)	5.6	15.1	0.0	36.9	94.4	0.4	9.33	9.8	4.29	4.29	8.98	5.73	27.6	33.3	33	66.00	11.53	2:5	84	29	72	31	58	42	3.80	1.79
SI Shipping(100/5/e/88)	6.0	12.3	0.0	304.2	49.6	3.4	-0.06	-0.1	-1.32	-1.33	-0.06	-22.00	-7.2	0.00	NA	1875.00	NA	1:2	82	83	360	60	1700	1200	NA	6.16
SI Viscose(100/5/e)	11.0	21.2	0.0	292.1	103.0	1.9	21.63	20.6	12.89	17.09	15.43	116.86	40.0	35.0	23	1350.00	11.55	1:2	87	56	1170	650	1345	1110	2.59	4.62
SiptaCoated(10/100/j)	17.6	6.3	0.0	13.6	129.4	2.9	4.76	3.6	1.25	1.71	4.03	1.01	3.7	12.0	89	16.00	15.89				28	15	30	13	5.40	1.18
SiyaramSilk(10/100/d)	3.7	7.9	0.0	31.7	86.4	1.7	5.14	5.8	1.14	1.14	4.92	3.89	7.9	14.4	58	39.50	10.15	1:2	88	42	40	23	35	24	4.57	1.25
SKF Bearings(100/5/d)	24.7	36.4	0.0	247.4	131.1	4.6	34.93	25.8	21.12	21.01	27.43	106.88	27.7	24.0	18	1340.00	12.54	1:1	89	80	3020	1140	1570	1230	1.12	5.42
SpecialSteels(10/50/d)	11.4	20.0	0.9	27.5	205.9	0.8	24.22	11.7	14.96	12.60	19.57	16.39	37.0	20.0	15	125.00	7.63	1:2	89	45	168	103	128	90	1.34	4.54
SpicElect(10/50/d)	34.0	74.2	173.4	31.8	557.8	24.1	44.02	7.6	13.86	13.86	40.77	5.10	3.9	16.0	49	14.50	2.85	1:1	86	50	65	38	19	12	13.79	0.46
StandardInd(10/50/e)	11.1	37.9	35.0	44.3	176.4	16.4	12.08	6.3	3.97	3.97	11.93	3.59	4.7	20.0	56	78.50	21.87	2:5	82	72	580	210	79	61	2.55	1.77
StrawProducts(10/100/d)	10.1	38.5	0.0	48.0	152.4	4.0	11.72	7.5	4.70	4.70	11.41	-6.50	-8.7	24.0	-58	90.00	NA	1:2	72	17	105	45	102	73	3.33	1.88
SundramFast(10/50/e)	5.1	12.1	0.0	33.6	70.9	1.3	6.76	9.4	3.50	3.60	6.01	6.86	20.4	25.0	36	72.50	10.56	3:5	88	56	86	50	86	61	3.46	2.16
SupremeInd(10/50/e)	2.3	13.5	18.6	69.1	85.3	0.6	5.92	6.9	3.27	3.27	5.86	14.34	9.5	45.0	26	275.00	19.17	1:1	87	70	270	187	310	225	1.37	3.98
SurajDiamonds(10/100/h)	7.7	21.3	0.0	37.8	72.6	0.0	6.66	9.2	6.29	6.29	6.51	7.53	23.7	21.8	14	51.50	6.84				110	60	65	51	2.21	1.36
SwadeshiPoly(10/50/b)	3.9	13.9	19.8	45.7	98.6	2.8	7.84	7.7	3.50	4.77	4.34	13.46	6.2	23.3	29	46.00	3.42				57	28	53	38	7.64	1.01
SylvaniaLaxman(10/50/b)	3.0	0.4	7.3	11.3	54.2	1.0	0.57	1.0	-0.52	0.36	0.57	-2.67	-3.3	0.0	NA	24.00	NA	1:2	86	33	26	12	30	20	NA	2.12
Syn&Chem(10/50/e)	5.8	9.4	27.1	26.1	119.7	1.1	8.48	7.0	6.30	6.34	7.38	10.84	14.9	25.0	23	70.00	6.46				81	47	84	64	3.57	2.68
TataChem(10/50/e)	49.2	215.8	0.0	53.9	256.8	34.9	67.80	23.2	35.79	35.79	53.30	7.28	13.5	19.0	24	120.00	16.49	2:5	85	29	130	98	137	117	1.45	2.23
TataPower(100/5/e)	20.5	80.0	0.0	490.7	367.1	12.4	29.16	7.7	22.63	22.45	29.34	110.11	22.4	18.0	16	450.00	4.09	1:5	75	6	457	300	620	410	3.99	0.92
TataPress(10/50/e)	1.6	6.4	0.0	50.4	14.9	0.8	1.79	11.4	0.83	0.83	1.68	5.29	10.5	22.00	42	59.00	11.16	7:11	83	30	88	33	73	55	3.78	1.17
TataRobins(10/50/e)	3.1	4.9	0.0	25.6	54.5	1.2	2.76	5.0	0.92	0.92	1.93	2.95	11.5	18.0	41	38.00	12.89	1:4	77	5	63	42	47	36	3.21	1.48
TataTea(10/50/d)	17.1	78.8	0.0	56.1	218.9	12.6	28.61	12.4	16.86	36.68	21.91	12.33	14.1	40.0	21	192.00	15.57	2:5	88	40	208	120	203	173	2.38	3.42
TataTelecom(10/100/f)	4.5	1.1	0.0	12.4	12.5	0.2	0.60	4.7	0.17	0.17	0.60	0.28	4.1	0.00	NA	48.75	172.1	0.00	–	0	22	15	56	49	NA	3.92
TataUnisys(10/50/d)	4.4	5.1	0.0	21.6	43.1	0.3	5.29	12.2	2.42	2.52	4.33	6.91	20.4	22.00	48	82.50	11.95	2:5	87	29	250	60	85	24	3.32	3.82
TCI(10/50/f)	5.1	14.1	15.8	37.8	88.0	0.7	3.36	3.8	1.11	1.11	3.36	1.64	4.2	14.7	50	48.00	29.29	1:2	86	81	34	14	68	38	2.30	1.27
Telco(100/5/e)	103.7	307.4	0.0	396.5	1638.5	37.9	128.3	7.7	70.03	71.44	113.18	67.36	17.0	25.0	34	147.00	2.18	2:5	82	24	1195	657	152	110	15.91	0.37
Tinplate(10/50/e)	10.1	11.1	0.0	21.0	138.2	1.1	7.27	5.2	4.37	4.37	6.53	4.32	20.6	15.0	35	35.00	8.11	4:5	76	19	42	20	38	27	4.29	1.67
Tisco(10/50/e)	156.1	645.5	0.0	51.4	1772.5	89.3	274.0	14.7	154.3	134.8	248.0	9.89	19.3	30.0	34	114.00	11.53	2:5	87	44	158	102	137	103	2.59	2.22
Tomco(25/5/e)	8.1	20.6	0.0	88.5	282.1	6.5	4.98	1.7	2.16	2.16	4.36	6.26	7.1	15.0	60	145.00	23.17	1:5	81	36	95	52	150	90	2.59	1.64
TribeniTiss(10/50/d)	8.0	8.0	0.0	20.1	57.1	0.1	5.00	8.8	2.07	2.60	3.63	3.25	10.4	18.0	69	84.00	25.81	1:4	84	31	95	34	97	74	2.68	4.19
TVS Suzuki(10/100/k)	23.1	-5.4	0.0	7.7	174.4	2.2	7.60	4.3	3.09	3.09	7.60	1.45	16.1	0.0	NA	11.50	7.94				26	11	16	9	NA	1.50
TwCenturyFin(10/50/e)	8.9	11.3	0.0	22.7	25.2	1.2	16.56	62.8	3.56	3.51	15.89	4.01	17.7	22.0	56	30.00	7.48	2:5	85	34	35	15	34	28	7.32	1.32
UnichemLab(10/50/b)	1.4	4.8	3.6	45.7	65.9	1.2	0.99	1.5	0.16	0.22	0.96	1.78	1.1	10.0	91	38.75	21.80	1:2	86	67	62	40	40	30	3.82	0.85
UnionCarbide(10/50/d)	32.6	45.0	0.0	23.8	254.3	3.5	12.33	4.8	5.52	9.92	9.33	2.12	5.7	0.0	NA	23.25	10.98	1:2	80	74	29	18	30	22	NA	0.98
Unitech(10/100/d)	7.2	12.8	0.0	27.8	58.1	0.9	6.89	11.7	4.68	4.78	5.59	8.11	18.7	20.0	31	31.00	3.82				30	18	43	26	6.71	1.11
UnivCables(10/50/e)	5.3	42.1	0.0	88.8	116.6	2.1	15.08	12.7	1.02	1.46	3.08	1.91	2.2	27.0	75	100.00	52.35	1:2	79	22	180	110	122	100	2.04	1.13
VideoconIntl(10/100/b)	2.5	5.7	0.0	32.7	103.3	2.6	11.91	11.2	6.32	6.32	11.56	37.92	51.5	26.7	16	262.50	6.92				205	55	230	180	1.52	8.02
VikrantTyres(10/50/e)	10.4	4.3	0.0	14.1	200.7	0.9	17.25	8.6	2.75	2.75	16.70	2.54	18.0	15.0	59	26.00	10.24	0.00	–	0	50	20	27	20	5.77	1.84
VindhyaTele(10/100/e)	3.9	9.3	0.0	33.7	53.4	1.4	10.11	18.4	6.67	6.73	8.21	17.10	50.7	22.5	13	80.00	4.68				145	85	100	78	2.82	2.37
VIP Inds(10/100/e/88)	6.0	5.4	0.0	18.9	67.4	1.5	3.01	4.4	0.73	0.81	2.87	1.22	6.4	12.00	89	23.00	18.90	1:1	84	59	30	15	24	17	5.22	1.22
Voltas(10/50/f)	19.9	28.2	0.0	242.3	264.1	1.2	11.53	4.3	8.63	9.03	11.53	25.36	30.8	24.0	20	72.00	2.84	1:2	89	49	1000	470	79	65	12.59	0.30
VST Ind(10/50/b)	9.7	10.2	16.5	20.5	434.2	3.2	8.31	1.9	4.82	4.82	6.76	7.49	8.8	33.3	63	58.75	7.84	3:5	89	85	57	22	60	33	5.33	2.86
WestCoastPaper(100/5/f)	4.1	4.5	0.0	210.2	65.9	0.8	1.35	2.0	0.37	0.32	1.35	6.77	5.7	0.0	NA	410.00	60.58	1:5	74	37	220	81	440	290	NA	1.95
WI Enterprises(10/50/b)	4.8	9.7	1.6	30.1	65.9	0.1	4.83	7.3	1.72	1.72	4.46	5.36	7.1	16.0	67	24.00	4.47	3:5	83	19	27	17	28	23	10.05	0.80
Wimco(10/50/d)	13.6	5.5	0.0	14.0	137.2	2.3	-7.87	-5.6	-13.17	-10.68	-10.43	-12.12	-55.3	0.0	NA	17.75	NA	1:5	70	31	27	17	75	16	NA	1.27
Wipro(10/50/f)	3.7	16.7	0.0	55.4	115.0	5.5	5.40	4.5	2.68	2.68	4.90	5.46	17.5	33.3	17	225.00	41.19	1:1	89	95	450	190	275	190	0.56	4.06
ZuariAgro(10/50/d)	12.4	54.5	0.0	53.8	247.2	99.9	27.19	7.8	12.06	15.19	18.04	11.37	13.5	28.0	30	58.00	5.10				77	58	66	50	6.03	1.08

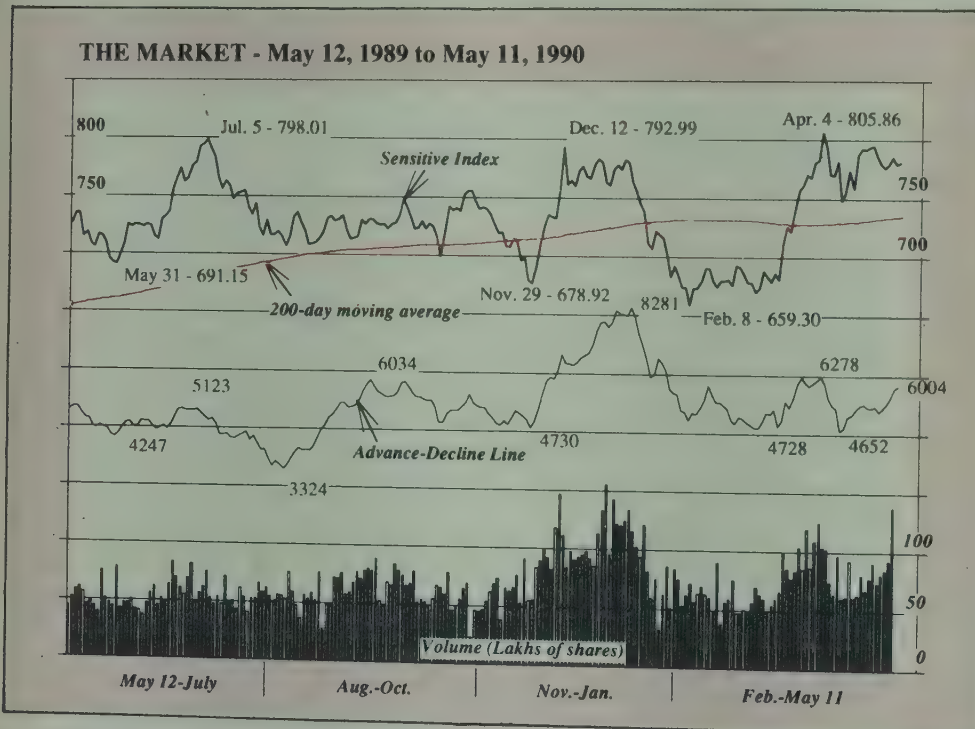
NOTE: The year 31 March for all above companies unless otherwise indicated. The accounting period in each case is, however, mentioned in the bracket following the company's name: a-8 months; b-18 months; c-10 months; d-15 months; e-12 months; f-9 months; g-16 months; h-11 months; i-14 months; j-17 months; k-13 months; l-7 months. (ended Dec88, ** ended Aug88, + ended Sep88, ++ ended Jul88 ; # ended December 90).*

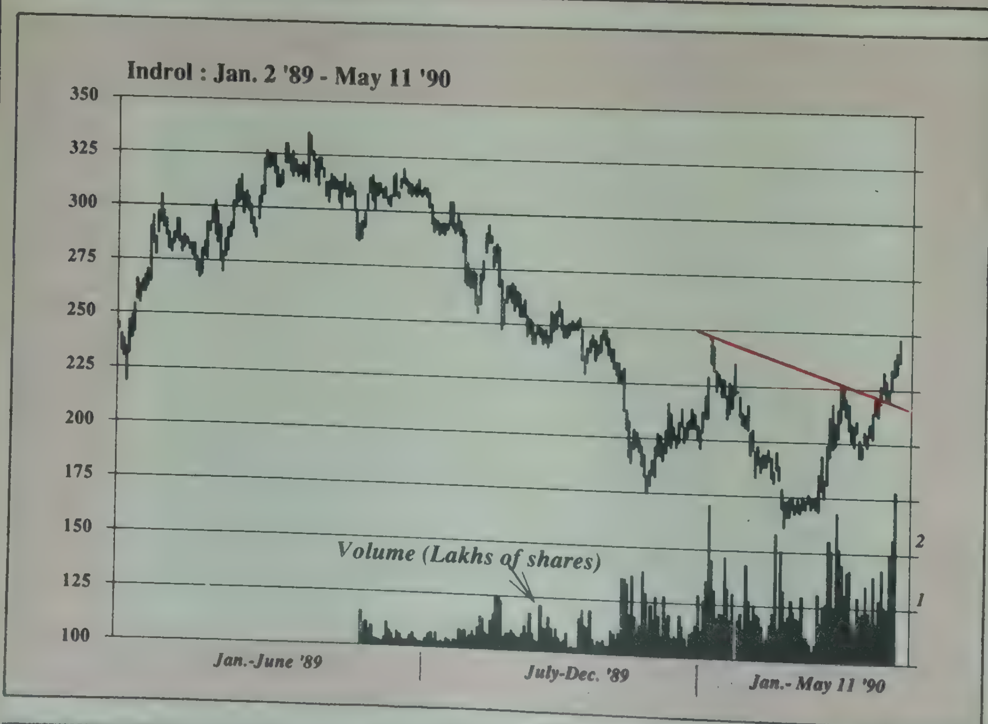
Where the accounting period is other than 12 months, the figures for EPS, return on net worth and dividend have been annualised.

DISTRIBUTING SHARES

Dalal Street remained straight and narrow all of last fortnight. This was amply reflected in the movements of its two major indices — the Sensex (Bombay stock exchange sensitive index) declined modestly from its 25 April close of 793.58 to 780.73 on 11 May, while the National Index (NI) stayed put where it left off, moving marginally from 420.27 to 420.58 over the same period. In fact, the last three trading days of the fortnight saw the indices stuck in an impossibly narrow groove. The 100-share NI reflects this best — its last three closings (on 8, 10 and 11 May) were 420.97, 420.65 and 420.58.

However, the fortnight started showing increasing activity — as reflected in the volume (number of shares traded) figures. On 10 May, 137.88 lakh shares were traded, of which 'A' group volumes ran up to a substantial 91.06 lakh shares. This action was accompanied by a 0.32 point fall in the NI. Even taking into account that it happened to be the last day of the trading period for 'A' group shares, the volume is the highest since the 12 December-10 January days. This seems very much to be a case of "churning," where the index stands still on high volumes. Churning at market tops is considered bearish, as it indicates a sufficient and ready supply of stocks available to meet all bullish demands.





Bulls, however, are getting interested in the market, as indicated by the fact that advances have been outnumbering declines more often than not. The 'B' Group section, in particular, has been thawing for the first time since the post-budget rally began. The advance-decline (A-D) line is beginning to pick up strength, as it gained some 700 points over the fortnight.

And while the market hangs around at these levels, giving Dow theorists the chance to see a fourth "Dow line" during the last 52 weeks, a few leading stocks have started edging towards or above their current bull market highs. ACC, Bajaj Auto, Century Enka, Gujarat Ambuja Cement and Telco were some of the stocks to make new highs during the fortnight, while Bombay Dyeing, Baroda Rayon, Century, Hoechst and ITC are some instances of stocks within reach of their previous bests. On the other hand, Tisco has been dropping consistently and seems headed once again for its support level within the Rs 100-105 range.

As the indices have not declined substantially since 4 April, the 200-day moving averages (DMA) of the indices are beginning to perk up. The 200-DMA for the Sensex was up from 731.54 to 734.55 during the fortnight, while its NI counterpart improved from 389.66 to 391.65.

Badla trading took place on 11 May. Once again, rates were low, yet just eight scrips attracted backwardation charges. The *badla* situation is pointing towards a market that is neither oversold nor overbought.

From all this, it still appears that the market is continuing to go through a distribution phase characterised by the indices moving within a narrow range.

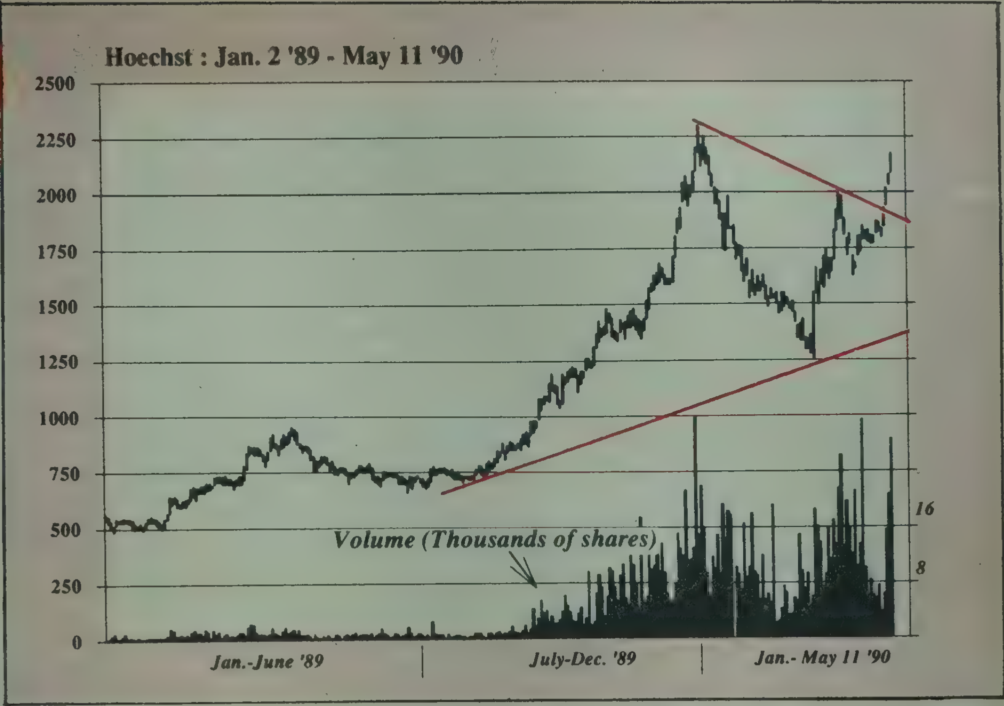
Hoechst, featured in a recent issue, is featured again as it just broke out upwards out of a 10-month triangle. This stock was shown as representative of others which were in similar triangles, and indeed many of the rest have done the same. The others include **Asian Paints, Bombay Dyeing** and **Eskayef**— the analysis for Hoechst is applicable for the others as well.

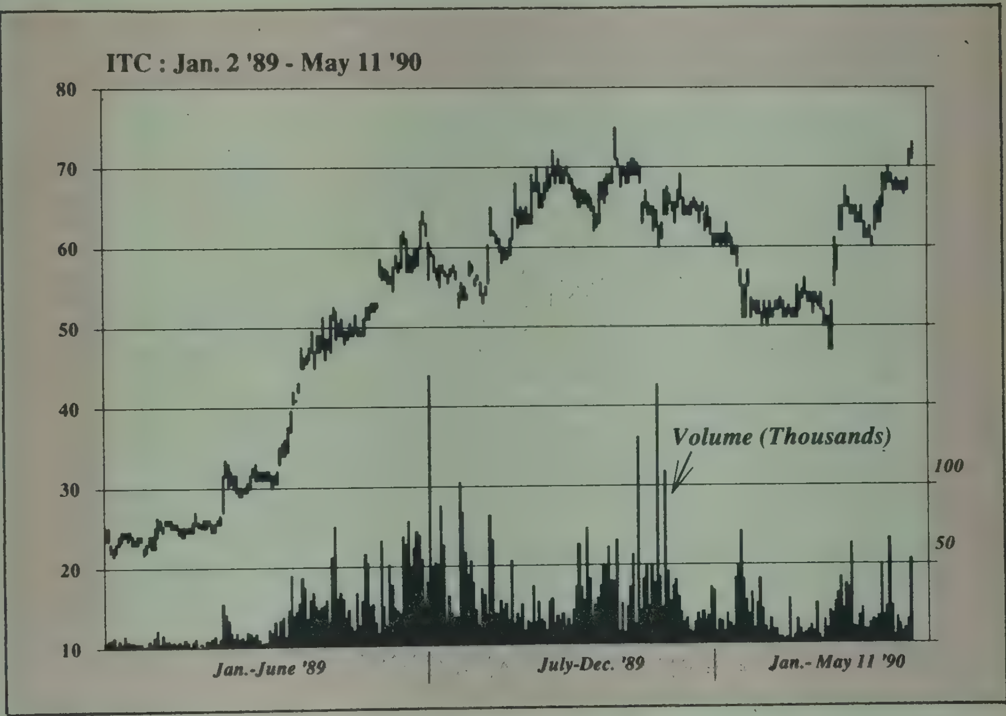
As mentioned earlier, these are not classic triangles — as volumes have actually been increasing, since these triangles started to form. Coming back to Hoechst, it seems set to challenge its previous top of around Rs 2,250 as there is no historic resistance until that value. The triangle formation, which must be interpreted with a heavy pinch of salt (in view of the volume action), gives a technical target of around Rs 3,000. A breakout over the previous top with good volume may make this realisable, though. Hoechst has a rising 200-DMA of Rs 1,328.20.

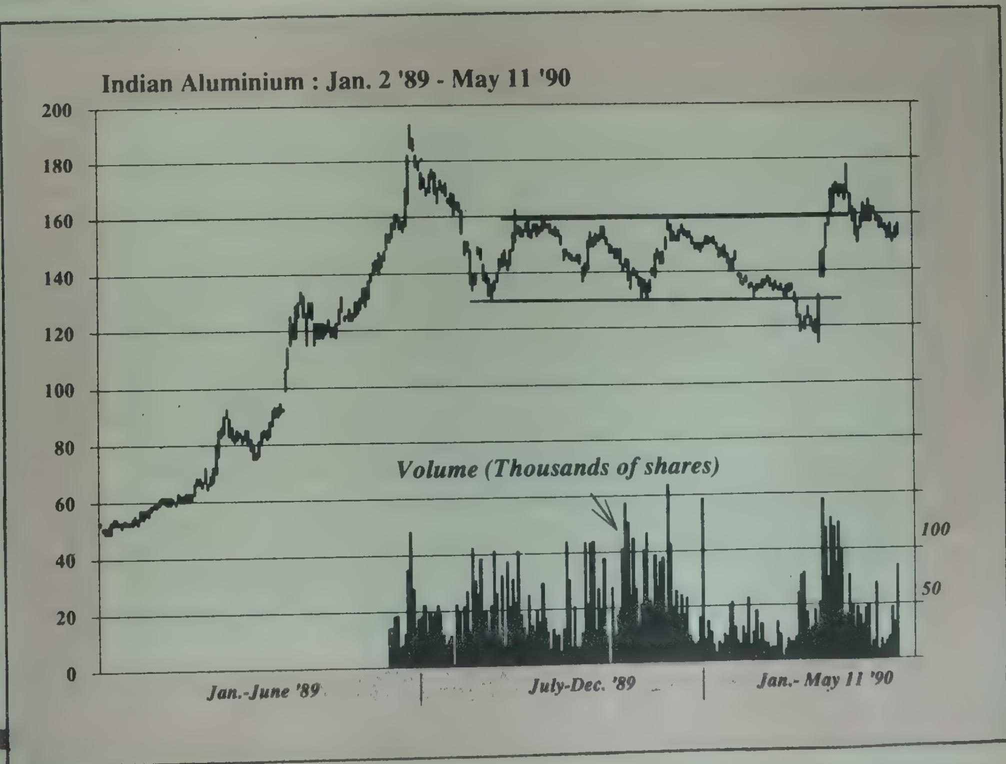
Indrol, which appeared to be bottoming out earlier, seems to have succeeded in doing so. It has broken out of an inverted head-and-shoulders formation on decent volumes, and has also gone above its 200-DMA after ages. Its 200-DMA is at Rs 235.05 and has started to flatten out. The inverted head-and-shoulders provides a target of about Rs 290. As it has already risen substantially since Rs 190, the stock is best acquired after a decline — perhaps just around Rs 230, if available.

Indian Aluminium was in a rectangle in the Rs 130-160 range and provided false breakout signals — first on the downside and then on the upside. It seems to be now receiving good support around Rs 150, which also corresponds to its 200-DMA (Rs 149.12 and rising). This makes it worth holding or even acquiring in modest quantities. **ITC** (rising 200-DMA of Rs 61.53) has almost made it to its previous top of Rs 75. It has risen towards that target on lower volume than it did earlier (unlike Hoechst). This may make the old top difficult to clear — but need not signal any major decline to follow if it fails to do so. Double tops that work are rare — and with the market being what it is these days, some other formation — eg. a rectangle or triangle is likelier.

■ *Deepak Mohoni*
The author is a director of Midas Vision which deals in software and computer graphics.







NEW OFFERING

Weston Electroniks Ltd. (WEL) is entering the capital market with a rights-cum-public issue of 18.85 lakh equity shares of Rs 10 each at a premium of Rs 8. The already open rights issue closes on 26 May, while the public issue opens on 28 May (earliest closing date: 31 May). The proceeds of the issue will be utilised to set up a plant to manufacture 75 million aluminium electrolytic capacitors (Elcos) annually at Bhiwadi in Rajasthan and to meet the cost of modernisation.

WEL, which manufactures a host of electronic entertainment systems such as transistors, stereos and television sets, recently diversified into printed circuit boards and colour fly-back transformers for captive consumption. Considering the growth in the electronic goods sector, the company does not foresee any hassles in marketing Elcos, which find use in a wide range of electronic goods such as computers, telecom equipment and TVs. Commercial production is expected to commence by end-May 1990.

Meanwhile, WEL has entered into a collaboration with Gold Star of South Korea to assemble electronically-operated washing machines. Other plans on the anvil are a Rs 2.5 crore joint sector project with the Himachal Pradesh government to manufacture cordless telephones in technical collaboration with the Hongkong-based Windfar. The market launch of these products has been scheduled for the last quarter of 1990.

WEL proposes to join hands with the Uttar Pradesh government to set up a Rs 20-crore plant to produce industrial laminates. The venture will be floated as a separate company with equity participation from the public. WEL also has in its kitty a licence to manufacture compact discs at Dharuhera in Haryana.

The company's performance to date has been something to write home about. For the 15 months ended 31 March 1989, turnover grew by an annualised 34% to Rs 120.6 crores and profit after tax by a whopping 116% (annualised) to Rs 1.97 crores. The company declared a dividend of 22% (annualised 17.60%) for the period.

For the year ended 31 March 1990, WEL directors expect a turnover of around Rs 195 crores and post-tax profit of Rs 2.2 crores. The dividend is likely to be maintained. The unaudited profit figures yield an earning per share (EPS) of Rs 9.57. On a market price of Rs 26 (as on 9 May — BSE), the price-earnings multiple works out to a low 3.13. The share's book value is Rs 51.97 as on 30 September 1989. However, if revaluation reserves are not taken into account, the book value is lower at Rs 32.73.

Recommendation: A good issue. Application in excess of rights is recommended.

INSIDE INFO

■ Rumours about the impending barrage of company results kept the markets perky in the first fortnight of May. The **German Remedies** counter, for example, moved up from Rs 90 (30 April) to Rs 130 (10 May) following grapevine reports to the effect that the company would announce higher pre-tax profits in the year to March 1990 (around Rs 5.4 crores vs. Rs 0.98 crores). Earning per share (EPS) was also expected to be a hefty Rs 10 (annualised) against Rs 1.89 in the earlier period.

■ Marketmen also spoke of **Tata Yodogawa** as another company set to announce an upbeat performance. Earnings per Rs 100 paid-up share were expected to be around Rs 65. The share, which had already moved up from Rs 280 (30 March) to Rs 540 (10 April) was tipped to settle between Rs 800 and Rs 1,000 once the results were made public. Likewise, **Excel Industries**, which posted an annualised EPS of Rs 12.40 for the 18 months ended 31 March 1989, was expected to report a better EPS of about Rs 20 for the year ended 31 March 1990. The share, which had been languishing around Rs 190 since 30 March, was expected to move up further.

■ Sometimes, the actions of Bombay's big bull coterie are a bit perplexing. In early May, the coterie was short in **Telco** to the tune of about five lakh shares when the company was expected to announce better results. If it turned true, the coterie would have to cover its short position, pushing the scrip further up. With bonus issue rumours doing the rounds, the scrip was tipped to touch Rs 200 soon.

■ Ir **Hindalco**, the big bull coterie was busy rumour-mongering that the company was all set to dole out a one-for-three bonus. Side by side, the coterie was short-selling Hindalco shares heavily on 11 May, three days before the board met to consider the bonus issue. The hammering brought down the share down from Rs 301 to Rs 295.

■ **Hoechst India** too was on the list of rumoured bonus candidates. The Bombay big bull's Man Friday was busy spreading the word that the bonus would be as liberal as one-for-one. Others felt that the company would not make more than a one-for-two bonus. If the second story proves right, Hoechst is tipped to settle down lower at Rs 1,600 (Rs 2,065 on 10 May).

■ **Parasrampuria Synthetics** is tipped to cross the Rs 45 mark soon, thanks to interested buying. In early May, shortsellers were busy trying to cover up in a market bereft of floating stock in view of a book closure scheduled for 16 May. The company was widely expected to post improved year-end results.

■ **Malabar Building Products** moved up from Rs 37 to Rs 43 on rumours of improved working. The company was expected to announce higher net profits and an EPS of around Rs 10-12. Delhi stock exchange punters were tipping the company as a good short-term investment.

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IVP'S STEP-BROTHER

The Kisan Vikas Patra (KVP) is a comparative newcomer in the wonderland of investments. The scheme was introduced by the government with effect from 1 April 1988, mainly with a view to mobilising untapped rural savings.

KVPs are available in denominations of Rs 1,000, Rs 5,000 and Rs 10,000. One has to pay half the amount at the time of purchase of these certificates and one gets the face value at the time of redemption. There is no limit on investment in these patras. The investment doubles in value in five-and-a-half years.

KVPs can be purchased by the following categories of investors: (1) an individual resident for himself or on behalf of a minor. It can be purchased singly or jointly by two adults; (2) a banking company; (3) a company or a corporation; (4) an association, institution or body registered as a society under any law in force for the time being; (5) a firm registered under the Indian Partnership Act, 1932; (6) a local authority.

There are three types of certificates to choose from: (a) single-holder type; (b) joint 'A' type; and (c) joint 'B' type.

A single-holder type certificate can be issued to any of the eligible investors listed above. A joint 'A' type certificate can be issued jointly to two adults and the money is payable to both holders jointly or to the survivor. A joint 'B' type certificate may be issued jointly to two adults and is payable to either of the holders or to the survivor.

KVPs can be purchased through small savings agents or directly from any post office by presenting an application form and making payments in cash, cheque or through a demand draft. Identity slips are issued to the holder, enabling him to encash the certificate in any post office in India.

If a certificate is lost, stolen, destroyed, mutilated or defaced, a duplicate certificate can be issued if the holder furnishes an indemnity bond. A nomination facility is available under the scheme.

The scheme provides for premature encashment of the KVP any time after two years and six months. The amount payable on premature encashment of a Rs 1,000 certificate is given in the table.

Premature withdrawals even before two-and-a-half years can be made under the following circumstances:

- Death of a single holder or any of the holders in case of joint holders.
- Forfeiture by a pledgee being a gazetted government officer; and
- Order by a court of law.

The interest paid will be at post office savings account rates for the complete month for which the certificate has been held. However, if premature withdrawals are made within one year, no interest will be paid.

Kisan Vikas Patras do not enjoy any tax benefits except that there is no deduction of tax at source. The KVP holders, therefore, will have to show the interest earned during a year as income during that year on an accrual basis while filing tax returns.

How does the KVP compare with other investment schemes not eligible for any income tax concessions?

Fixed deposits with companies earn interest at 14% per annum for deposits ranging from six months to three years, against a return of 13.43% per annum on Kisan Vikas Patras on maturity after five-and-a-half years and about 11.33% per annum on premature withdrawal after three years but before three-and-a-half years. But, then, KVPs are government certificates and are, therefore, considered to be more safe than fixed deposits.

Period (months)	Amount payable	Return p.a. (%)
After 30 but before 36	Rs 1,280	10.38
After 36 but before 42	Rs 1,380	11.33
After 42 but before 48	Rs 1,450	11.20
After 48 but before 54	Rs 1,590	12.29
After 54 but before 60	Rs 1,690	12.36
After 60 but before 66	Rs 1,880	13.46

Indira Vikas Patras (IVPs) are of the same genre as KVPs, but with the following differences:

- Under IVP, the amount doubles in five years against five-and-a-half years under KVP. The interest rate, therefore, works out to 14.87% under IVP as against 13.43% under KVP.
- While IVP is transferable by mere hand delivery, KVP is non-transferable. But the facility of premature withdrawal is available only under KVP.

Indira Vikas Patras have obviously an edge over Kisan Vikas Patras as they offer a better return. But while institutional deposits are allowed in the case of the latter, only individuals can apply for the former.

In sum, KVPs are an ideal investment for non-taxpayers who are on the lookout for investment avenues where their capital is absolutely safe, the return reasonably high and the lock-in period not too long. It is a savings scheme with the facility to unsave during times of need.

■ *M.D. Mukhi*

The author is the president of the merchant banking division of Batliwala and Karani.

IN A NUTSHELL

Scheme: Kisan Vikas Patras (run by the government).
Maturity period: Five-and-a-half years during which time the investment doubles.
Minimum & maximum amount investible: Minimum Rs 500. No upper limit. Cheques are payable to the "Postmaster."
Tax benefits: None. But there is no tax deduction at source.
Liquidity: (1) Not transferable; (2) premature withdrawals allowed after two-and-a-half years.
Eligibility: (1) individuals; (2) minors; (3) companies; (4) banking companies; (5) firms; (6) registered societies; (7) local authorities.
Other features: (1) Available in denominations of Rs 1,000, Rs 5,000 and Rs 10,000; (2) only half the money payable on application.
Recommendation: Good for firms, companies, societies and non-taxpayers.

NON-PERQUISITE BENEFITS

The salaried employee bears the brunt of taxation, especially in times of high inflation. While businessmen and traders can pass on the effects of cost increases, the fixed-income employee cannot pass on, avoid, or defer payment of tax as it is deducted at source. Also, as salary increments rarely equal inflation, the effective purchasing power of his money decreases every year. In order to keep good employees, it is vital for managements to provide additional facilities, including some which are technically not perquisites and, hence, not taxable.

Car parking facilities: Most companies have office cars which are not specifically allotted to executives. These are used during the day by employees on company business. As there are often no facilities to park these cars overnight in crowded downtown office districts, they are left in apartment complexes where senior executives reside, petrol stations, or office compounds. The vehicles are of no use to anyone and there is also the risk of theft.

To protect the company's interests and to safeguard the vehicle, a company could request an employee to park the car at his residence. Should he agree, he would be expected to drive the car to his residence every evening and bring it back the next morning. This gives the employee the benefit of a company car, but it is not a perquisite since he is doing it as a favour to safeguard his employer's asset. It must be clearly understood that should the employee use the car at night or on weekends, he will have to reimburse his employer for the value of his personal usage.

Concessional rate housing loans: Housing, especially in large metros like Bombay, is an expensive proposition. Rental accommodation is scarce and often inadequate. Consequently, employers find it difficult to transfer employees or attract competent individuals if they do not provide company-owned or leased accommodation.

A way out could be by offering housing loans at a concessional rate of interest. This is, as clearly established by the Finance Act, 1985, not a perquisite.

Loans have to be repaid. To assist the employee in doing so, employers could either give them house rent allowance, or better still, take the accommodation on lease. In the latter case, the expenditure incurred by an employer on painting and repairing the accommodation is not taxable as perquisites.

In addition, if the salaries of sweepers or watchmen are reimbursed by the employer, irrespective of the amount reimbursed, the perquisite value would be 50% of actual wages paid or 25% of actual wages paid respectively, upto a maximum of Rs 60 in either case. This, therefore, is a tremendous concession.

Managements have to provide additional facilities in order to retain good employees, who have to bear the brunt of taxation

As the loan instalments are paid out of the lease rent or house rent allowance received, the employee effectively gets to own the property without any outlay of funds. The advantage to the employer is that apart from attracting talent, he would be able to retain good employees.

In a variation of this scheme, employers could sell company-owned apartments at book value to top executives. While this is indeed commendable, it is fraught with risks on account of the pre-emptive acquisition provisions of Chapter XXC of the Income Tax Act.

Uniforms: Employers can insist that all employees, from managers to messengers, should wear specified types of clothes. This could even be stipulated as a condition of employment. If there is such a requirement and the clothes are either paid for by the employer or the cost is reimbursed to the employee, there is no taxable perquisite in the hands of an employee.

A company in Madras requires all its employees to wear a combination of light blue shirts and grey trousers. Managers and senior executives wear grey suits and light blue shirts. As this is a stipulation and all employees are expected to adhere to the dress colour and codes, the company reimburses employees the cost of the clothes. This is not a taxable perquisite.

Similarly Grindlays Bank plc introduced recommendations in regard to the clothes worn by its employees. Certain colours, styles and materials were recommended and the staff could purchase these at subsidised prices. Each of these clothes bore Grindlays' insignia, and could arguably be called advertisements and, hence, not taxable.

Uniformity in clothes does create a very pleasant yet professional atmosphere. Good clothes are expensive and the provision of these by one's employer is, therefore, a valuable benefit.

There are some very real benefits that employers can give their employees at very negligible cost. And they afford a real benefit to the employer in terms of the image projected, the ability to attract and retain talent and in the protection of its assets.

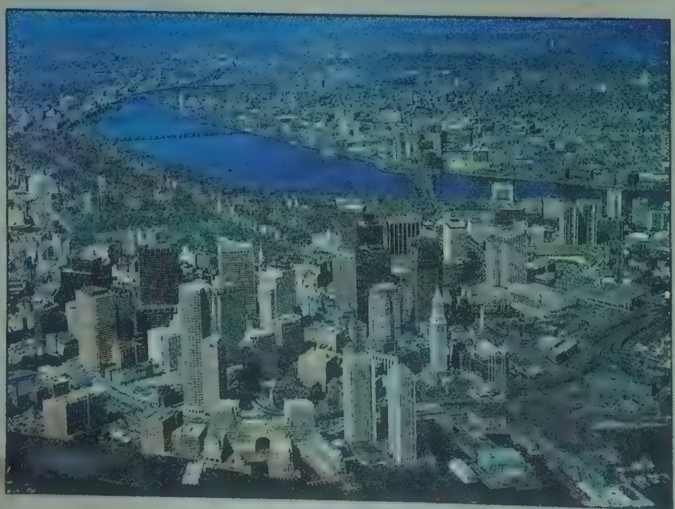
■ *Raghu Palat*

The author is a senior bank executive based in Bombay.

Now that Rolta have sold the world's most sophisticated CAD/CAM systems, they're ready to make them.

Rolta have been marketing and supporting the world's most sophisticated Intergraph CAD/CAM systems for over three years in India. And have emerged as the leading company in India to offer "Total solutions" to their customers. Made possible by a massive investment of Rs. 25 crores in infrastructure along with a highly specialised, highly skilled manpower bank of over 300 people committed to the customers.

Today, Intergraph CAD/CAM systems are being used in India for diverse applications like mapping, cartography, complete plant design, mechanical design, structural design and analysis, highly sophisticated electronics design, and of course in defence and space applications. By organisations like Survey of India, Department of Space, Engineers India, to name a few.



Intergraph, the world leader

A Fortune 500 company, Intergraph is the world's largest company dedicated to developing and manufacturing interactive computer graphics systems offering a wide range of CAD/CAM solutions. Not only that, it is the world's fastest growing vendor of workstations and the world's No 1 supplier of RISC based microprocessor systems. With an annual turnover touching Rs. 2000 crores.

Rolta collaborates with the world leader, Intergraph, to manufacture the world's most sophisticated CAD/CAM systems. For every conceivable application.

CAD/CAM, Rolta and India

India is one of the world's biggest markets for sophisticated CAD/CAM systems. Not surprising once you know that CAD/CAM represents the fastest growing segment of the computer industry in India, projected at Rs. 9000 crores in the 8th Five Year Plan.

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Having well established credentials in this specialised hi-tech field, Rolta is ready to go one step further. Into manufacture.

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It's time to contact us.

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PRESSMAN

SHIPSHAPE AT LAST

For five years, Dev Das twiddled his thumbs while the central and West Bengal governments played their political games. But patience finally paid off. As any industrialist worth his salt will tell you, West Bengal no longer holds the record for project clearance delays. And Das' proposed export-oriented shipbuilding facility at Calcutta looks set to sail in the new centre-state spirit of *entente cordiale*.

For any shipping industry professional, it would have been a dream come true. But for Dev Das, the proposed Haldore Shipyards & Offshore Construction Ltd. has a special significance. It marks the end of a five-year period of uncertainty since 1985 when Europace India Ltd. (of which Das is the managing director) tied up with the West Bengal government as co-promoter for a shiprepair and shipbuilding yard at Haldia.

CHANGED ENVIRONMENT

But in the changed political environment, Das has been quick to get off the mark. Haldore Shipyard's Rs 27 crore project is being helped along by both the state and central governments at a record pace, and September 1990 should see some joyous ribbon-cutting.

The new project is, of course, a much truncated version when compared to the Rs 65 crore joint sector Haldia shiprepair yard proposed some years ago. But the vital difference is that the new company will be owned largely by Das and his friends and associates (though the financial institutions, or even the state government may well seek a small share of the equity pie). Moreover, it is a wholly export-oriented unit.

Das is very optimistic about success because he and his team have taken special care in liaising with the target clientele. Shipowners in West Germany and other West European countries have issued letters of intent, and the order book is expected to be comfortable. In about three or four years' time, the Rs 27 crore project may easily have a turnover in the region of Rs 50-60 crores. Says Das: "My capital is not a huge bank balance, but my professional skills and the ability to carry credibility with partners and customers, both at home and abroad."

For Das, Haldore Shipyard is the culmination of a long innings as a marine engineer. Starting off at British India Shipping some 30-and-odd years ago, Das moved on to Mackinnon Mackenzie, which at that stage, managed the British India and Peninsular & Orient (P&O) fleets in India. Das headed the technical outfit for Mackinnon and obtained a wide range of experience in shipbuilding projects around the world in which Mackinnon and Damodar Bulk Carriers (an associate company) were involved.

My capital is not a huge bank balance, but my professional skills and ability
Dev Das
managing director
Europace India

The big break came in the late seventies, when offshore oil production started up in India. Mackinnon Mackenzie was then involved in a big way with the Oil & Natural Gas Commission (ONGC) and, in due course, Das found his technical services in demand at Abu Dhabi. After a three-year stint in the Gulf, he returned to India and struck out on his own in 1982.

OTHER COMPANIES

Das' company, Europace India, is basically a consulting and developing organisation in marine and offshore oil technology. Its sister concern, Sea Transportation Enterprises Pvt. Ltd., has so far been the commercial arm. Haldore Shipyard will be the third enterprise to join the stable.

Bombay-based Europace India was set up in association with the internationally-renowned Europace GmbH, a joint venture involving Pace Ltd. of Scotland, which manages projects for the oil and gas industry, and Eurolog GmbH, a firm of marine engineering consultants in West Germany. Das, together with a team of professionals

in the field, managed a coup of sorts by obtaining the right to use the name from the German-Scottish combine for the Indian sub-continent.

Over the past seven years, Europace India has come a long way. Its successfully executed consultancy contracts include many in West Asia (Abu Dhabi and Dubai).

Nearer home Das and his team have worked very closely with Hindustan Shipyard in Visakhapatnam, Mazagon Docks in Bombay and Garden Reach workshop in Calcutta. When Hindustan Shipyard wanted to start up offshore platform fabrication, the entire Rs 65 lakh consultancy contract (for the Rs 24 crore project) was handled by Europace in partnership with Howard Doris of the UK. Besides, Das and his colleagues have acted as consultants and representatives for a number of West German firms.

One particular job Das is very chuffed about involved Sea Transportation's manufacture of oil and gas flare booms on behalf of the ONGC. It was carried out very successfully on a turnkey basis, and the very first unit managed an indigenisation of more than 90% of the components. Twelve units, each priced at Rs 7.50 lakhs, were later manufactured and delivered for use in oil flaring at Bombay High. Currently, Sea Transportation has other contracting and manufacturing jobs worth about Rs 3 crores on hand.

PORT DEVELOPMENT

On land, Das' interest lies in port development. And business has been coming in steadily, with consultancy services being provided to the governments of Maharashtra (for Raigad port and an offshore marine logistics base at Ratnagiri), and West Bengal (for the proposed shiprepair yard at Haldia).

Das confesses that his worldwide travels, and his continuous association with the oil and shipbuilding industries, had fired his entrepreneurial instincts. "I feel it would be worthwhile to be a small part of the hi-tech efforts in this country in these particular fields," he says.

"India is poised for industrial development of a dimension unknown hitherto," continues Das. "And this is in spite of all our problems. The western countries' gamble with investment in China over the past decade has not produced the expected results, and attention will have to be focussed on India. In this scenario, we can play a vital role."

Europace is ready for the action. Already, it has begun working with the West German oil industry association to bring together potential business partners in the two countries for joint ventures. But Haldore Shipyard is Das' own immediate contribution in the effort to sell Indian skills in western markets.

Haldore will confine itself to building smaller vessels of 4,000 to 15,000 deadweight tonnes (dwt), each costing up to Rs 10 crores. By the third year after start-up, if all goes well, about seven ships would have been built or would be nearing completion. The annual capacity after the fourth year would be about six ships, but there will be a built-in facility for expansion to the eight-ships-per-annum level.

Though Bombay based, Das says he

Dev Das had to wait quite a while for his plans to be cleared. Now, however, it is all systems go

chose Calcutta because there is a crying need for rejuvenating the shipbuilding industry there. Till the sixties, Calcutta was a major shipbuilding centre and even to this day Garden Reach Shipbuilders keeps the flag flying.

"The traditional (technical) skills may have been to some degree eroded, but there is still a large bank of experience which can be drawn upon," says Das. "Besides, shipbuilding is more an engineering affair than anything else — i.e., fabrication, installation of machines, and the like — and even today, the engineering industry in the eastern region has skills which are difficult to find elsewhere in India."

An unstated reason for Das' renewed enthusiasm for Calcutta is the enormous support provided by the West Bengal government, which is keen to see industrial revival in the state. And with the change of government at the centre, clearances from Delhi are much less difficult. The Calcutta Port Trust, moreover, is chipping in with a great deal of cooperation.

The designs of the ships to be built by Haldore will come from consultancy firms in West Germany. Similarly, materials packages for actually constructing the vessels or their machinery may be imported, but since the project is being aimed entirely for export production, this will be permissible. Sub-contractors will provide strong inputs in fabrication and assembly, and the job of Das and his team will be to provide technological discipline and management coordination. The project has an employment potential of 1,000, including those on subcontractors' payrolls.

CHANGING SCENARIO

Das' optimism about Haldore springs, not only from his active liaison with potential buyers abroad, but also the changing world shipping scenario. After a nosedive through most of the eighties, shipbuilding has seen a revival in the past two years. Production bases have shifted to countries like South Korea, but even the Koreans are seeing a progressive rise in costs. With 60% of the world shipping tonnage overaged (or nearly so), this is where countries like India or China can grasp a great opportunity.

Das admits that he has a larger project — the Haldia shiprepair yard — in mind, but as yet it's just a gleam in his eye.

"Haldia could actually be ideal for a modern shipbuilding-cum-conversion yard," he says. "There is a large amount of land available right on the waterfront, which could be used for the ship-lift system — i.e. rails on which the vessels would be placed on land and later put to sea — in contrast with the conventional drydock. If we can complete building such a facility in about two years, we could take advantage of world trends."

But Das' big plans will have to wait till the smaller ones take off. And that means making a success of Haldore.

■ *Subrata Roy*

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Please apply in confidence giving full details of qualifications, work experience and responsibilities held within 10 days, superscribing the envelope with Post and relevant Code to:

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NECO Group of Industries,
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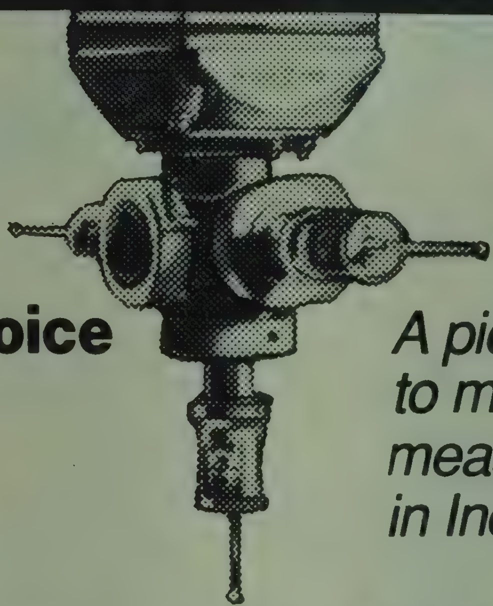
Nagpur-440 016.

Orange City advt.

APPOINTMENTS

Equity Participation by PAL

GREMACH 'CNC'



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In collaboration with world leaders
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HIGHLIGHTS

- GREMACH – A HI-TECH PROJECT, FIRST OF ITS KIND IN INDIA
- Equity Participation by Premier Automobiles Ltd. and Mutual Funds
- Huge market potential – 100% import substitution with elite clientele like Defence, Space, Automotive and Engineering sectors
- Orders on hand for first six months' production
- Low cash break even
- Distinguished Board comprising professionals and technocrats
- Easy liquidity – listing on Ahmedabad, Bombay and Madras Stock Exchanges
- Technology from Digital Electronic Automation S.p.A., Italy, MFO France, and G. Rastelli S.p.A., Italy
- Tax benefits as applicable
- No gestation – commercial production started

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(Subsidiary of Indian Bank)
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Madras

Bank of Baroda
Merchant Banking Bureau
Madras

PNB CAPITAL SERVICES LIMITED
(Wholly owned subsidiary of PNB)
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[illegible] Bajaj Marg,
Nariman Point, Bombay 400 021

FICOM
H.L. FINANCIAL CONSULTANTS & MANAGEMENT SERVICES LTD.
Raja Bahadur Compound,
32 Bombay Samachar Marg,
Bombay 400 001

CO-MANAGER TO THE ISSUE

CJD C.J. Dalal Financial Consultants
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GREMACH 'CNC' LIMITED

Registered Office: 753 Mount Road, Madras 600 002, INDIA

Concept

Issue opens on Monday 4th June, 1990

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Videocon unfurls Japanese expertise in India. Technology that's the world's most advanced. Air Conditioners that are a class apart. In performance so powerful... simply captivating!

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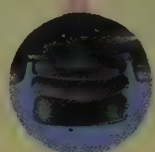
It's what separates the Videocon Air Conditioner from all other air conditioners in India. A compressor so compact, with cooling efficiency that's at par with International Standards. At the same time the design is tough enough to withstand Indian tropical conditions.



Super Quiet Operation

The Videocon Air Conditioner incorporates an ultra thin heat exchanger and specially designed sirocco fan, propeller fan, fan motor and rotary compressor. What's more, the rotary compressor is mounted on a vibration-absorbing rubber base and the entire air conditioner housed in heavy insulation.

All this gives you a whisper quiet operation.

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Engineered to operate on as little energy as possible, it can save on electricity bills. All this being possible due to the Louver Fins, Grooved Copper Tubing and the Rotary Compressor.

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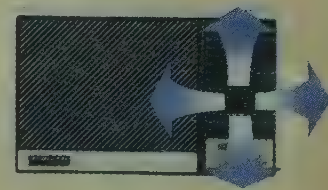
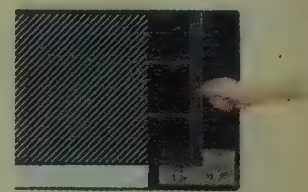


At the touch of a switch, you can control the air direction from side to side. While the louvers adjust the vertical air flow.

One Touch Air Filter



Quick, easy sliding of the filter, without removing the grill facilitates cleaning. You don't have to rely on a technician.

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Exceptional. Sensational. So National.

JAISONS VA 290

STENCILLING FOREIGN BRANDS

Delhi-based Stencil Apparel is all set for a major splash. Having cobbled together a joint venture with Lacoste of France — the prestigious garments, sports goods and accessories company — Stencil has floated a subsidiary in which Lacoste is taking up 40% of the equity. When the venture takes off, Stencil will have access to international brands like Yves St. Laurent (YSL) and Newman apart from Lacoste. One of the major advantages is that the Indian company will obtain high-tech inputs from the French collaborator which would enable it to fulfil the 60% export obligation agreed to.

Meanwhile, the Rs 12 crore turnover Stencil venture is itself set to expand its base in the country with the impending launch of new apparel branded Pacific, Escape and Urban.

A COCKTAIL OF PRODUCTS

Fresh from its triumph (though, perhaps, temporary) over Pepsi Foods' Chee-tos and chips, Jagatjit Industries is looking for fresh fields to enter. The company has made a splash, at least in the north, with Binnie's wafers and, through 100% subsidiary Milkfood, with 100% ice cream and yoghurt. Now Jagatjit is entering another cut-throat area — chocolates.

The arena is anyway crowded with Cadbury's, Amul, Parle and Dr Writer's, with Nestle all set to take the plunge in a tieup with Campco. Waiting on the sidelines is Britannia. Jagatjit will thus have its work cut out particularly as it is not planning to bank on any foreign knowhow or tag.

In another foods foray, Jagatjit has tied up with General Mills of the US, a *Fortune 500* company, to make texturised vegetable proteins and associated products. A new Rs 4.5 crore plant is being set up at Noida, near Delhi.

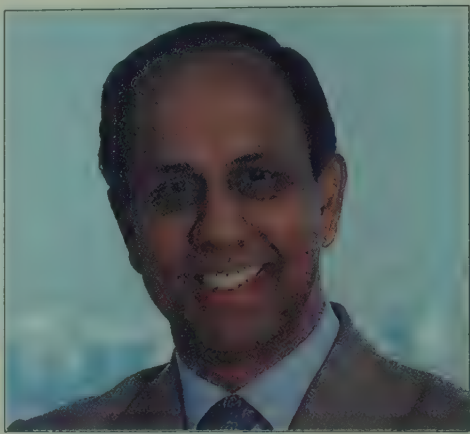
Meanwhile, Jagatjit's Aristocrat cocktail snacks, basically a gimmick to indirectly advertise Aristocrat whisky, has left everybody dumbfounded by really taking off. Sales are currently 1.2 lakh packs a month, all adding to the company's turnover, which was Rs 122 crores for the year ended 31 March 1989. The cocktail snacks success is much more than can be said of 100% ice-cream or yoghurt. Are the cocktail snacks promoting the whisky or riding piggyback on it?

CURIOUS MERCURIUS

Corporate monitors are watching the steady buying of Chloride Group plc shares by a Swedish investment firm named Mercurius. It is hardly a secret that the once blue chip batteries conglomerate is not enjoying the best of financial health currently. The company thus stands out as a possible takeover candidate.

According to reliable reports, Mercurius has bought up as much as 14% of Chloride Group plc's equity over several weeks of sustained stockmarket operations.

Whether this share acquisition is a genuine portfolio investment or indicates an incipient takeover attempt by an unidentified party is the million dollar question to which S.K. Birla would dearly love to have a clearcut answer. For the present, Birla is consolidating his hold over Chloride Eastern in Singapore. With parent Chloride Group having no money to put in, Birla is stepping in with a fresh contribution towards Chloride Eastern's equity.



BIRLA WILL CONTINUE TO CALL THE SHOTS

One thing is clear: with Calcutta-based Chloride Industries Ltd. earning the bulk of the group's profits, strategic partner Birla is the person best positioned to call the shots these days at the group level. Even Mercurius may have to live with this.

EXPORT LAURELS

The Union government's top priority for exports has given rise to a new corporate race nowadays: to grab the laurel of India's No.1 net exporter.

Even as the tentative performance estimates for the accounting year ended 31 March filter out, several aspirants have staked their claims for the crown. One of them is the Hindustan Lever-Lipton-Brooke Bond combination, which says its aggregate net export earnings of Rs 230 crores are the highest.

Tata Steel cries foul, saying that its earnings of Rs 146 crores are far higher than Hindustan Lever's individual tally of Rs 130 crores and that only performances of individual companies (rather than convenient groupings) ought to be counted.

The newest claimant is ITC, which is about to declare net export earnings of Rs 150 crores in its 1989-90 operating results. If this figure turns out to be accurate, ITC will indeed beat Tata Steel by a whisker.

IN TROUBLE

Vinai Rai's Usha Rectifier is in a fix. The company's application seeking a listing of its 14% convertible debentures has been rejected by the Calcutta stock exchange (CSE). This is because the listing formalities were not complied with within the statutory time limit of 70 days from the date of the closing of the subscription list. The matter is now before the finance ministry and the Rais are busy furnishing alibis and assurances to ensure a clean approval for listing.

The whole issue runs the risk of being declared void if the securities are refused a listing for some reason or the other.

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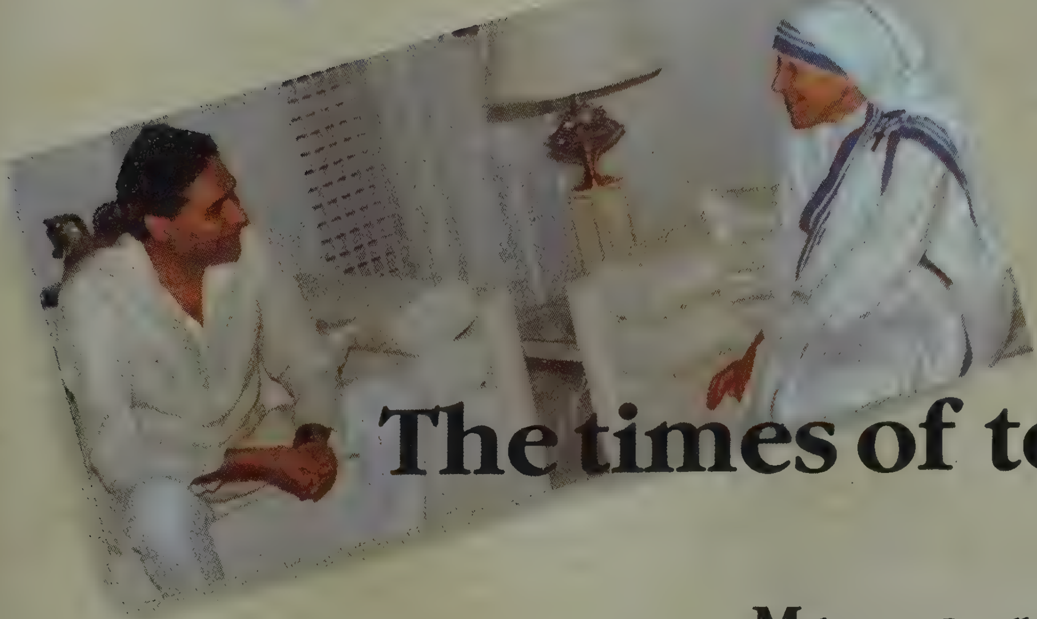


The times of tomorrow

Mahatma Gandhi's ideals triumphed because they were always conceived on a bedrock of practicality.

Thus, by adopting his principles as its corporate philosophy, and concentrating on the basic needs of the people, the Bajaj Group laid a foundation which should continue to serve it well even into the next century.

Products of the right quality, at the right price, to meet the needs of the greatest number possible. A conscious effort to provide a fair deal to the consumer through self-regulation. Promoting community welfare through developmental work and social service.

In a nation where 800 million people must be fed, clothed and housed, the Bajaj Group has a leading presence in industries which will continue to be fundamental to the Indian economy for many decades to come. Sugar, cement, steel, electric bulbs, fluorescent lighting, fans, economical electrical appliances which improve the quality of life for the common man.

In the automotive field particularly, the contribution of the Group has been awesome. Bajaj Auto has already put over three million scooters, motorcycles and commercial vehicles on the road. Soon, this will increase to over one million a year.

However, if India is to enter the next century as a significant power, future growth will have to come from our country's achievements abroad as much as from within.

Import substitution will not be sufficient to meet the nation's needs for foreign exchange to acquire the advanced technologies we need to compete with the developed countries.

India must concentrate on exporting in fields where it possesses comparative advantages. Goods which are of international quality and competitively priced will meet domestic demand too.

And it can be done. As Rahul Bajaj, Chairman of Bajaj Auto has said, "Regardless of where a company operates, if the consumer's interest is kept foremost when tackling any problem, one will generally come up with the right answer."

Such are the perspectives of the future at the House of Bajaj. Visions based on beliefs which have sustained it with distinction, and with dignity, for four generations.

bajaj auto

THE MAGAZINE FOR INDIAN BUSINESS
6-19 JUNE 1990, AN ANANDA BAZAR PUBLICATION RS 7

BusinessWorld

4·11

- A320: AN OPINION POLL
- BOMBAY OIL RESTRUCTURES

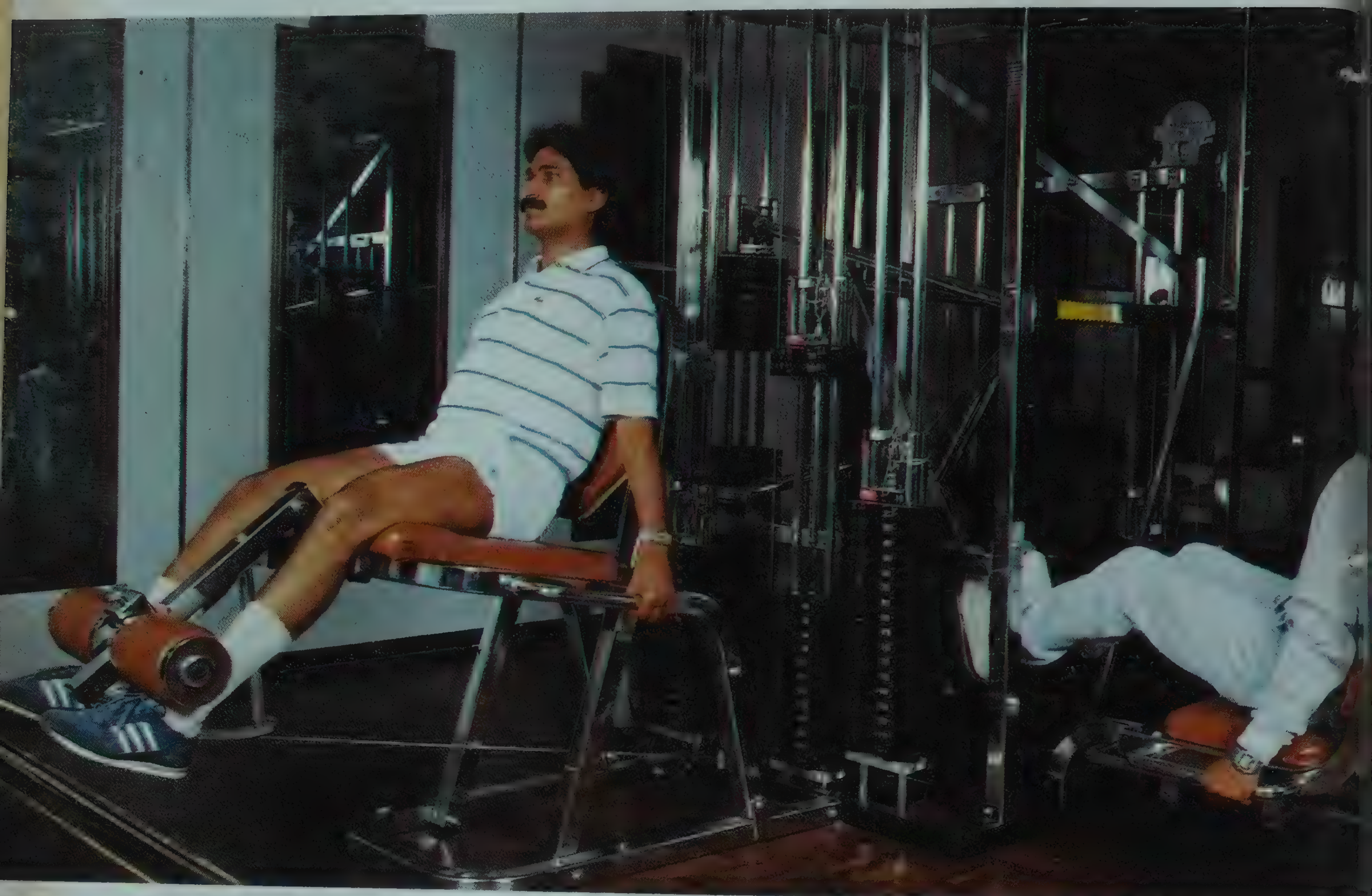
Reliance Petrochem's Meg reactor at Hazira, one of the few megaprojects on time

THE MEGAPROJECTS

What's happened to them? Which one will make it, which one won't?

S.K. MODI'S QUEST FOR GROWTH

During your busy schedule discover some splendid ways to unwind.



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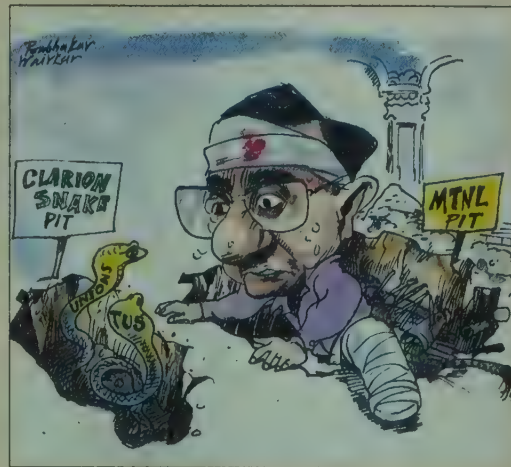
BUSINESS QUOTES

- **I didn't realise there was a pit there. The whole area is so dark... Suddenly there were all these people staring down at me.**

  Clarion managing director Ashish Mitra after driving his car into a pit dug by Mahanagar Telephone Nigam Ltd. quoted in *The Times of India.*



- **I don't agree that in order to preserve employment we must continue to use *tongas* instead of cars. It is antediluvian. We can't turn the clock back.**

  Former planning commission member Raja Chelliah, quoted in *India Today.*

- **I have opened a Pandora's box and I can't bitch about it now.**

  Parle chief Ramesh Chauhan on the war of bottle size which has broken out between Thums Up and Campa Cola, quoted in *Business Standard.*

- **I am rude and I am not responsible (sic) to disclose the decisions taken at the (Larsen & Toubro) board meeting.**

  L&T chairman D.N. Ghosh, quoted in *Financial Express.*

- **Global business is the order of the day. No country can be insulated or isolated from global business.**

  Industrialist Ratan Tata, quoted in *The Independent.*

- **We can listen to reason not to threat ...we cannot relent on our stand.**

  Commerce minister Arun Nehru on Super 301, quoted in *The Telegraph.*

- **I am a theatre man who got into advertising and stayed on with both. I almost lead a double life.**

  Lintas CEO Alyque Padamsee, quoted in *The Economic Times.*

- **We should resort to economic discipline and tighten up India's imports and have economic freedom.**

  Prime minister V.P. Singh quoted in *Business Standard.*

- **We have never yielded to pressure so far as devaluation (of the rupee) is concerned.**

  Finance minister Madhu Dandavate, quoted in *The Independent.*

- **US banks are pygmies in a world of giants. Although we have the largest financial economy, we have the smallest banks.**

  US banking analyst Lowell Bryan, quoted in *Time International.*

BusinessWorld

IN THIS ISSUE

FEARS ABOUT POLLUTION MAY STYMIE NOCIL'S MEGAPROJECT

BUSINESS FEATURE

THE MEGAPROJECTS: A STATUS REPORT

In 1989, a clutch of letters of intent was sanctioned to several industrialists — big and small — to set up megaprojects in petrochemicals, fertiliser and steel. It all adds up to a gross investment of Rs 20,000 crores at current prices. But which of them will come up in the eighth plan?

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BOOKS

SCISSORS' EDGE

An extract from *Marketing Management*, the first comprehensive book to cover the subject in the Indian context, takes a look at the efforts to revive ITC's Scissors cigarette when it was cornered by rival brands.

▪ PAGE 17

MARKETING

TRACING A PRODUCT LAUNCH

Cadbury's launch of its chocolate assortments in the UK last year provides an interesting case study of the dynamics of marketing.

▪ PAGE 19

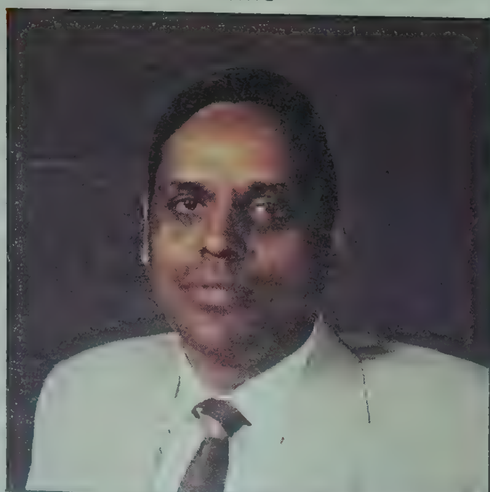
COMPANY NEWS & EVENTS

A MODERN GAMEPLAN

H.S. Ranka would like his Modern group to leap into the Rs 300 crore league in the next three years. And he's banking on exports to take him there.

▪ PAGE 85

RANKA LEANS ON EXPORTS



IN THE NEWS

ANOTHER WHITE GOODS HOPEFUL

Robert Bosch of West Germany has taken the tumble into the Indian washing machine market with a technical tieup with IFB Industries. According to managing director H.P. Haase, India will be the stepping stone for the supply of household appliances to Asia and the Soviet Union.

▪ PAGE 26

NOT ON THIN ICE

Nothing could be more welcome than ice flakes in the middle of summer. Satish Gaddh of Indo-Nippon Foods feels he has chosen the right time to launch his new product.

▪ PAGE 26

KHAITAN REFURBISHES

FIRED BY MODERNISATION

With a rise in demand for refractory items, foreign collaborations, modernisation and expansion plans come in. A.P. Khaitan, the MD of Khaitan Refractories, is the latest to join the fray.

▪ PAGE 27

FROM TRADING TO MANUFACTURE

Arun K. Malpani of the Malpani group, which is engaged in diversified business activities, is now banking on the success of Sangam Aluminium, a joint venture with Tidco, to manufacture aluminium extrusion products.

▪ PAGE 28

KOTHARI WIDENS HIS MENU

DIVERSIFICATION BINGE

Kothari Industrial Corp has got into non-traditional lines of business like leather goods and granite. Pradip D. Kothari, vice-chairman and managing director, has recognised the tremendous export potential in these areas.

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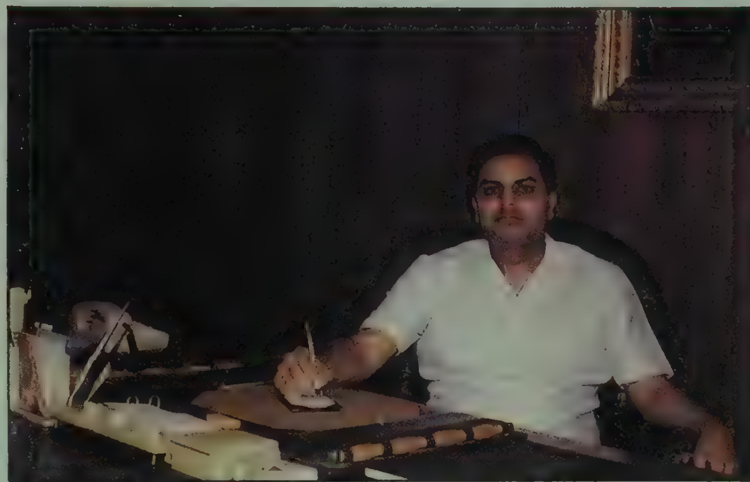
IN THIS ISSUE

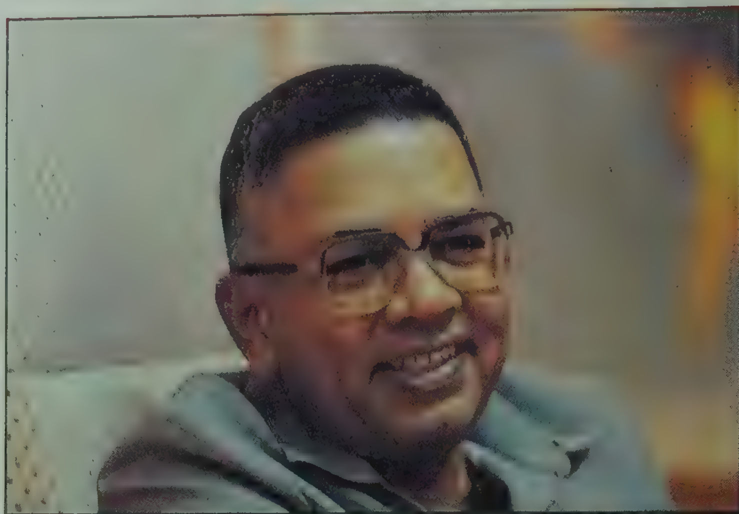

WILL MODI'S EFFORTS BEAR FRUIT?

THE MARIWALAS: GROWING TOGETHER

MALLYA GETS GOING

The trading giants of the government — the State Trading Corp (STC) and the Minerals & Metals Trading Corp (MMTC) are in chronic need of a revamp. The man who has been given this unenviable job is the former chief of STC and MMTC, S.V.S. Raghavan.

For Raghavan, who quit MMTC in 1987 as chairman, the second homecoming could be more onerous than the previous one. This time around Raghavan has been asked to head Bharat Business International — the holding company of STC, MMTC, the Spices Trading Corp and The Projects & Equipment Corp. Says Raghavan: "The expectations are scary."

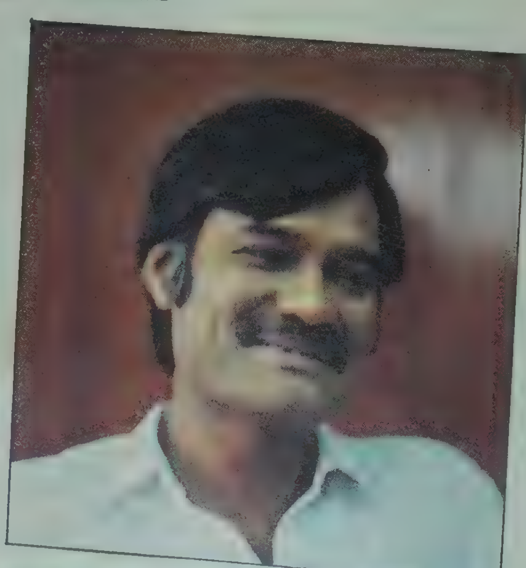

RAGHAVAN HAS A TOUGH JOB

So what made him take up the job? "Peer pressure," replies Raghavan. That is just part of it. It is also known that commerce minister Arun Nehru wanted no less than a Raghavan to steer the new outfit.

Raghavan has still not spoken his mind on his plans. "Let me get hold of a typewriter first before I prepare the blueprint," he says. With white elephants such as STC and MMTC, it could take a Cray supercomputer to do an effective job.

Badri Agarwal, Enfield India's new managing director, has got his task all cut out for him. Transplanted from his position as director (finance) of the Eicher group of companies in New Delhi to spearhead Enfield's turnaround after the much-talked-about 'synergistic alliance' between the two groups last February, Agarwal is expected to effect an upswing in the fortunes of his new charge. "Right now we are undertaking a detailed Swot (strengths, weaknesses, opportunities and threats) analysis and from this a detailed action plan will emerge," says he.

BUMPS AHEAD FOR AGARWAL



It's not going to be easy and Agarwal has no illusions about it. Enfield's financial base, mauled as it is, has got to be strengthened. While Enfield will still make a marginal cash profit for the financial year 1989-90, the net loss will still be heavy at Rs 3 crores. But Agarwal is confident that with the strengths of the two groups and Enfield's wide gamut of bikes, it can ride out its troubles.

Homespun Calcutta-based technocrat-entrepreneur Bijon Nag of IFB Industries has been having a lot of explaining to do these days. It seems the traditionally soft Bengali sentiment has been 'hurt' because this son of the soil has decided to locate his latest diversification away from the state. Witness IFB's new washing machine manufacturing plant set up and commissioned last fortnight at Goa, and the company's plans to shift its corporate marketing nervecentre to New Delhi.

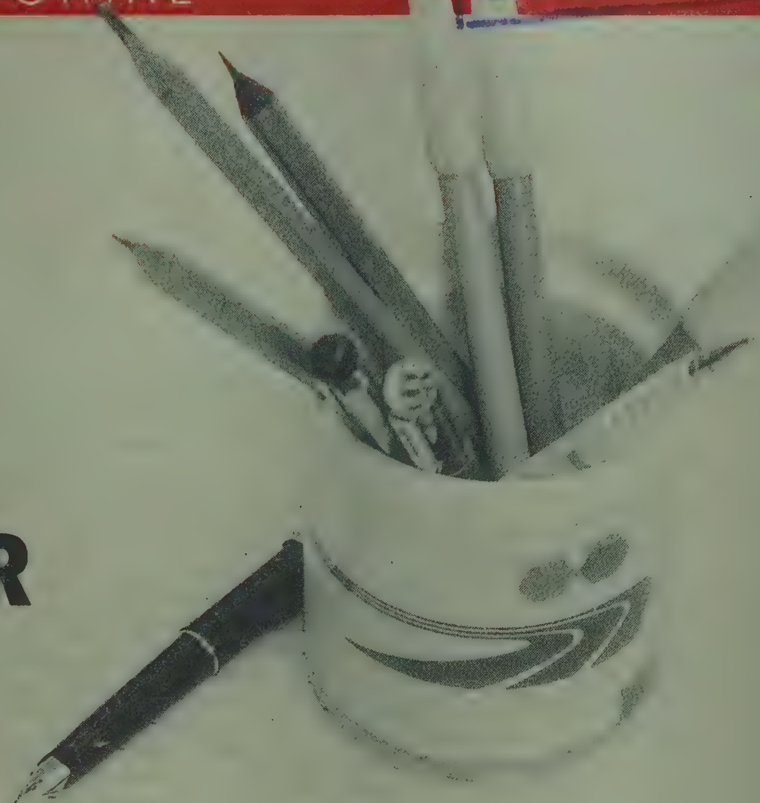

NAG IS NOT DESERTING WB

There's a bit of history in this sentimentality. In the seventies, when West Bengal was a strictly no-go area, Nag rode against the tide to promote Indian Fine Blank. Proving the Cassandras wrong, he ran this hi-tech company without any labour trouble.

Nag shrugs off charges of 'deserting' West Bengal. "I am a son of the country too." In any case, he says he has expansion plans up his sleeve which will be in home-town.

Meanwhile, to prove his truly non-parochial credentials, Nag is setting up an export company in the UK. Quite a world citizen, what?

20 JUL 1990



POLITICIANS OR CRIMINALS?

Mayhem is indeed the appropriate word to describe the current goings on centring around Meham (Haryana) — and the alliterative attraction is the least of the reasons. Mayhem contains the twin connotations of violent action as well as maiming a person so as to render him defenceless. At Meham, with the brutal murder of independent candidate Amir Singh, mayhem has been brought to a macabre level.

Merely condemning the murder is not enough. In the past weeks, the grotesque drama at Meham (involving rigging and murder) epitomises a far greater sin: the abject vulgarisation and brutalisation of contemporary Indian politics. Om Prakash Chautala, who goes down in history as an unelected chief minister, might be the most apposite representative of this gutter-level genre; but by no means is he the sole one.

Today's politicians must be a peculiarly shameless lot to defend their actions as steps 'championing' the cause of democracy. The heart of a true democrat will doubtless bleed; last fortnight, vice-president Shankar Dayal Sharma broke down in the Rajya Sabha and wept openly at the vulgar behaviour of opposition Congress (I) members.

Once the current events are viewed in their broader context, it is clear that here-and-now steps like getting Chautala to resign are hardly a solution. The sense of fair play, the attitude of consideration for even one's bitterest rival (which was Mahatma Gandhi's hallmark), the willingness to give and take are so utterly absent that it is only a matter of time before the warring for power throws up new Chautalas.

Our fledgling experiment in democracy has shown that while power corrupts, the lust for power corrupts absolutely. With the lumpenisation of political activists, power and the fruits of office are being pursued with debauched abandon.

Not surprisingly, a horrified intelligentsia has progressively and largely dissociated itself from active participation in the political process. By declining to play a hands-on role in the task of self-governance, it can even be argued that the intellectual minority is increasingly 'seceding' from our republic in the metaphorical sense. If this is not checked, the danger is that with further vulgarisation, we might find the likes of Chautala in the prime minister's chair before long.

भारतीय निर्यात-आयात बैंक

EXPORT-IMPORT BANK OF INDIA

FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS: APRIL 1989 - MARCH 1990

GENERAL FUND AT YEAR END 31ST MARCH 1990	Rs(mn.)	Change over previous year* %
-TOTAL ASSETS	17243	16%
of which LOANS,ADVANCES & BILLS	11178	20%
-OWNED FUNDS	3327	11%
of which RESERVES	989	24%
-BORROWED FUNDS	11814	15%
-GUARANTEES OUTSTANDING	5969	11%
FOR THE YEAR APRIL 1989 - MARCH 1990		
-TOTAL INCOME	1376	23%
-NET INCOME (After Interest, Depreciation,Provisions)	272	20%
FUNDED OPERATIONS		
-SANCTIONS	9550	12%
-DISBURSEMENTS	8878	22%

* For comparison purpose previous year's (January 1988 to March 1989) figures have been annualised

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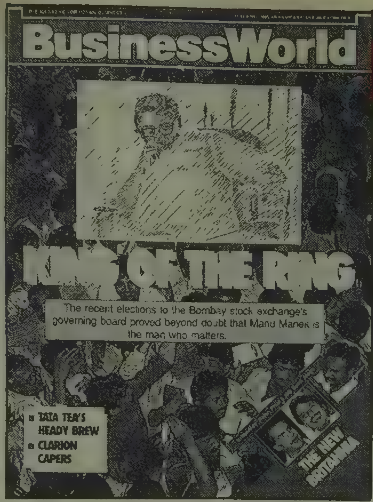


LETTERS TO THE EDITOR

NOT A DUMMY

I refer to the cover story 'King of the ring'(*BW* 11-24 April 1990). It hints that our firm is one of the dummy card holders of the Bombay stock exchange operating on behalf of Manu Manek. I have been portrayed as one of his men, which is far from the truth.

The entire stockmarket knows that ours is a highly professional, reputed and approved stockbroking firm. Our clientele includes more than 5,000 investors. We are not involved in speculative deals or dummy transactions.

We also have a strong investment research and analysis wing. Our analysis and recommendations are taken seriously not just by individual investors, but also by financial institutions.

Since the article could create serious misunderstanding in the minds of investors at large, please clarify this point.

Parag Parikh
Member, Bombay Stock Exchange,
Investments Research and Analysis Division,
Bombay

CAPITAL FATE

The editorial 'A question of equity' (*BW* 11-24 April) states that the Union government has provided a subsidy (writeoff) of Rs 612 crores to the Delhi Transport Corp. (DTC). Earlier, the previous government had written off a similar amount loaned to the Delhi Electric Supply Undertaking.

It is a fact that when Delhi needs money, it gets it.

Delhi had India's first TV station. Now plans are afoot to make piped gas available to Delhi, ignoring other metros like Bangalore and Madras. However, when it comes to the Konkan Railway or a southern gas grid, no money is available. If the government sells 49% of shares in the public sector undertakings, eg. steel plants and airlines, an estimated figure of Rs 20,000 crores could be collected.

Why not disband the DTC and stop the rot?

J.B. Vivera
Oman

ON THE ROAD

The editorial (*BW* 11-24 April) made interesting reading. While I agree that any partial restructuring of the capital base of DTC, by writing off the outstanding loans and accumulated interest liability, is no solution in the long run, a look at the company's annual report (1989-90) shows that the fare and wage structure, along with costs, are beyond our control.

In such a situation, financial profits or losses become minor indicators, while operational efficiency becomes more relevant. For the last two years, DTC has been given the National award for best performance in city services, following evaluations by the National Productivity Council and the ministry of industry. Obviously, everything is not wrong with us.

S.C. Vaish
Chairman-cum-managing director,
Delhi Transport Corp.,
Delhi

PROTEST

I was shocked to read the article 'Toothless protection' (*BW* 11-24 April). The contradictory article has been clearly written to suit one individual's personal gain.

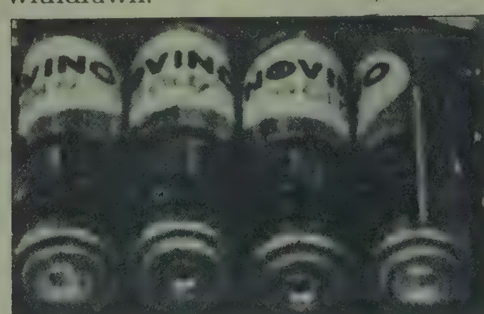
BW says: "The imported dental equipment is from sub-standard sources like Taiwan, South Korea and Brazil."

However, major imports are from three dental companies — A-Dec of the US, KaVo of West Germany and Morita of Japan. Please present a correct picture of the dental scenario.

Cawsi Naterwalla
Bombay

AWFUL CAPTION

With reference to the technology plus item 'Leaking batteries'(BW 14-27 March 1990), I feel some statements should be withdrawn.



BANKING ON QUALITY

The article states: a Japanese remarked,"Your country boasts of making heavy industrial machinery, but I cannot get even quality dry cells for my shaver here." If the gentleman had made the effort, he could have got our Novino Gold zinc chloride R-6 size leakproof batteries from any good city retail outlet. And all our batteries mention the level of cross voltage upto which they are leakproof. Therefore, I think that the Japanese was wrong.

The article also states that: "The Indian battery industry has let itself fall way behind international developments... It is a victim of the fast buck syndrome." If you look at our company's balance-sheet for the past three years, you will find this statement incorrect.

A.M. Irani
Manager (marketing administration)
Lakhanpal National
Baroda

ERRATA

In the spotlight article, 'Chemplast's growth urge' (BW 28 March-10 April 1990, p.51), the financial projections for 1989-1990 and 1990-1991 have been attributed to the company. These figures have been obtained from our own sources outside the company. This is purely to set the record straight.

In another article, 'From chits to industry' (BW 9-22 May, p.22), some inadvertent errors have crept in. The name of the chit funds company of the group is Shriram Chits & Investments Pvt Ltd. The names of the two listed public limited companies which are going in for a convertible debenture issue are Shriram Investments Ltd. and Shriram Transport Finance Co Ltd. The errors are regretted. — Editor.

GETTING TOUGH ON DRUGS

What's the government's view on the Indian drugs and pharmaceuticals industry? The answer was provided (in the form of three variants) at a recent private function of the Ranbaxy Research Foundation where three ministerial bigwigs provided different pointers.

Union minister for science and technology M.G.K. ('Magic') Menon, an old-time friend of the Ranbaxy group, was seen unabashedly pleading the case of the powerful drug lobby headed by Ranbaxy. The company had been lobbying hard for a tough government stance on intellectual property rights (IPR) and Menon only reiterated that. Making no bones of his proximity to the company, Menon remarked that "Ranbaxy was one of the great pharmaceutical companies in the country." He also argued that the government should create facilities for "viable research and development" where incentives should be made available for translating products to processes.

Union minister for petroleum and chemicals M.S. Gurupadaswamy, however, didn't seem terribly excited. He chided the industry for not spending even 2% of its total turnover on R&D. Said he: "I wish to highlight that in the recent past some leading companies have cut down their R&D (spending) for whatever reasons." Gurupadaswamy has been taking a tough stand from day one. His grouse against the industry: drug prices are phenomenally high.

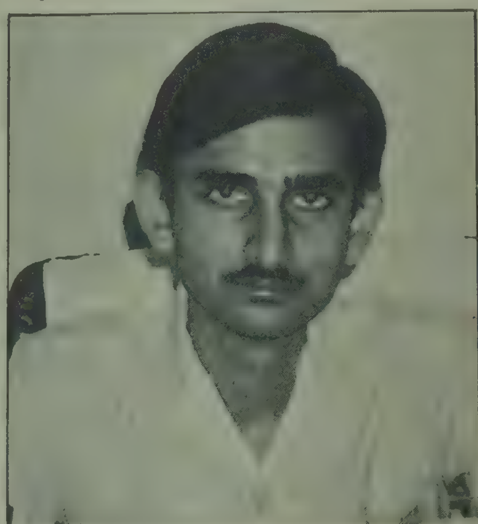
Gurupadaswamy's chidings were echoed by his colleague, minister of state Bhajman Behera, who urged the industry to make essential medicines available at cheaper prices. The indication seemed clear: the government might come down heavily on prices in the new pricing policy now in the works. Is the drug industry listening?

VARDHAN READIES FOR BATTLE

There is a saying doing the rounds in aviation circles in the capital. "However hard you may try, you can never put Harsh Vardhan down." The canny young managing director of Vayudoot seems to have had his way at last.

After waiting in the sidelines for months for a possible berth as Indian Airlines' (IA's) managing director (which finally seems to have eluded him), the man has done exactly what he could to give IA a run for its money. He's gearing his ailing outfit to do what IA has been doing all this while. Operate long distance services at a price that IA itself can't afford.

Starting mid-June this year, Vayudoot will be putting into service five long distance services on trunk routes. These are: Delhi-Calcutta, Delhi-Patna, Delhi-Bombay, Delhi-Bangalore and Delhi-Guwahati-Silchar. What apparently helped Harsh Vardhan have his way was the 11 April announcement by the union civil aviation minister, Arif Mohammed Khan, to throw open the Indian skies for air taxi and air charter operations. If the private sector could do so, why not Vayudoot, Harsh Vardhan appears to have asked while putting forward his arguments with the civil aviation bosses in the capital.


VARDHAN'S AIMING FOR THE SKIES

And in doing so he has already put into operation the Delhi-Bombay and Delhi-Bangalore services with a couple of Boeings leased from the ailing Royal Nepal Airlines Corp (RNAC). Says a Vayudoot source: "With the present disturbances in Nepal and tourist inflows at their minimal, RNAC was running its Boeing fleet at sub-optimal capacities. So we thought of acquiring a 757 and a 727 to put into service for the Delhi-Bombay and Delhi-Bangalore routes."

The carrier, it is now learnt, is also negotiating with another airliner from Europe — Air Tarom of Rumania, this time, to acquire two BAC-111 aircraft of the 114-seater variety. Once the negotiations are through by end-May, Vayudoot will put these into service for its long-haul services on the eastern sector.

But then there is another card being played by Harsh Vardhan. Going by the soiled reputation of his airline, he's offering a 10% discount (basic and fuel surcharge) on the IA fare, to popularise his new services to the five stations.

But all these are just starters. Once Vayudoot acquires its 50 medium-seater variety aircraft, for which negotiations are on for the last two years, it will take on IA with all its might.

A good beginning indeed, specially for a carrier that started as a loss-making proposition from its very inception in 1981. With accumulated losses of Rs 42.78 crores during the Seventh Plan alone, Harsh Vardhan could never have had a better laugh perhaps.

A TAILPIECE

Has the great Ambani derring-do dampened? Mr Ambitious who was known for his never-say-no spirit is doing just that. Saying no. For once, Dhirubhai is shying away from something. Particularly if it has anything to do with the government. For instance, the recent government policy on air taxis, which has come like lucrative lollipops for big guns in industry. But no thank you, Ambani's not interested. And a conversation the tycoon had with a former Indian Airlines executive bears ample testimony to that.

The ex-IA official suggested that Ambani could set up his own air taxi operation. "Assuming that each plane costs Rs 40 crores, you could go in for 10 of them. The total bill would come to Rs 400 crores but you needn't shell out that much. Just pool in Rs 100 crores and raise the rest from the public," advised the ex-official.

The effect was predictable. The face lit up and Ambani found the prospect mouth-watering. "But where do I get the planes from?" he asked. "Why, the A320s that the government wants Indian Airlines to sell," said our friend the ex-IA man. That had a dramatic effect. The moment Ambani heard the word government, he chose not to talk about aircraft again. No sir!

PUNJAB TRACTORS LIMITED

Regd. Office : Phase IV, SAS Nagar, Distt. Ropar-160 055.

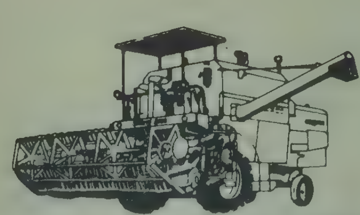
SWARAJ

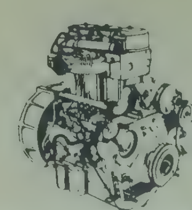
Unaudited Financial Results for Six Months Ended 31st March, 1990. (Estimated)

(Rs. Lacs)

	6 Months ended		12 Months ended	
	31-3-90	31-3-89	31-3-90	31-3-89
Sales : Tractors (Nos.)	7921	6316	14338	12017
Combine Harvesters (Nos.)	81	44	132	82
Forklift Trucks (Nos.)	81	57	93	87
Sales & Other Income (Net of Excise)	8444	5885	14638	10835
Expenditure : Materials	6633	4632	11447	8363
Employees	467	391	874	749
Selling & Others	385	300	760	678
GROSS PROFIT BEFORE INTEREST	**959**	**562**	**1557**	**1045**
Interest	100	102	183	190
CASH PROFIT	**859**	**460**	**1374**	**855**
Depreciation including Write offs	133	82	229	165
NET PROFIT	**726**	**378**	**1145**	**690**
Taxation	250	220	400	300
PROFIT AFTER TAX	**476**	**158**	**745**	**390**

Ideas Inc.



SWARAJ MAZDA LIMITED

Regd. Office : Phase IV, SAS Nagar, Distt. Ropar-160 055.

swaraj mazda

Unaudited Financial Results for Six Months Ended 31st March, 1990. (Estimated)

(Rs. Lacs)

	6 Months ended		12 Months/15 Months ended	
	31-3-90	31-3-89	31-3-90	31-3-89
Sales : Vehicles (Nos.)	1769	1903	3375	4005
Sales & Other Income (Net of Excise)	4521	4055	8387	8236
Expenditure : Materials	3699	3566	7057	7126
Employees	85	81	169	170
Selling & Others	318	211	547	570
GROSS PROFIT BEFORE INTEREST	**419**	**197**	**614**	**370**
Interest	208	148	352	332
CASH PROFIT	**211**	**49**	**262**	**38**
Depreciation including Write offs	68	73	140	170
NET PROFIT	**143**	**(-)24**	**122**	**(-)132**
Taxation	—	—	—	—
PROFIT AFTER TAX	**143**	**(-)24**	**122**	**(-)132**
(-) Indicates Loss				

Ideas Inc.

SWARAJ ENGINES LIMITED

Regd. Office : Phase IV, SAS Nagar, Distt. Ropar-160 055.

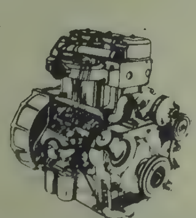
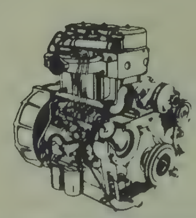
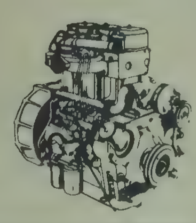
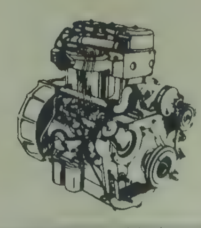
Unaudited Financial Results for Six Months Ended 31st March, 1990. (Estimated)

(Rs. Lacs)

	6 Months/3 Months ended		12 Months/3 Months ended	
	31-3-90	31-3-89	31-3-90	31-3-89
Sales : Engines (Nos.)	3085	345	4901	345
Sales & Other Income (Net of Excise)	646.30	59.40	1004.40	59.40
Expenditure : Materials	519.80	53.90	822.40	53.90
Employees	22.40	6.80	39.10	6.80
Selling & Others	21.90	5.00	38.90	5.00
GROSS PROFIT BEFORE INTEREST	**82.20**	**(-)6.30**	**104.00**	**(-)6.30**
Interest	16.90	5.90	31.20	5.90
CASH PROFIT	**65.30**	**(-)12.20**	**72.80**	**(-)12.20**
Depreciation including Write offs	11.30	2.50	18.50	2.50
NET PROFIT	**54.00**	**(-)14.70**	**54.30**	**(-)14.70**
Taxation	8.40	—	8.40	—
PROFIT AFTER TAX	**45.60**	**(-)14.70**	**45.90**	**(-)14.70**

(-) Indicates Loss

Note : Financial results for previous accounting year represent three months of actual plant operations after the project set up stage.

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ALLOCATING RESOURCES

In recent times, academicians have emphasised that companies facing a complex and changing environment will benefit immensely if capital-budgeting decisions are taken in the context of an overall business strategy. This approach provides decision-makers with a central theme, or a big picture, to keep in mind at all times as a guideline for effectively allocating corporate financial resources.

A close linkage exists between capital expenditures — or, at least the major ones — and strategic positioning, leading some researchers to conclude that the set of problems companies refer to as capital budgeting is, in fact, a task for general management rather than financial analysts. Some recent empirical studies amply support management's concern for strategic considerations in capital-expenditure planning and control.

In a recent survey, the opinions of executives in 14 Indian companies was sought on the importance of strategic considerations in investment decision-making. Three-fourths of the respondent companies considered strategy as an important element in investment evaluation. To ascertain the seriousness attached to strategies, companies were asked to state their corporate strategy and cite instances where projects were accepted or rejected on strategic considerations. Six companies defined their corporate strategies thus:

- To remain market leader by ensuring highest quality and remunerative prices, said one. This company undertook the production of a new range of marginally-profitable products for competitive reasons.
- To have moderate growth for saving on taxes and to set up plants for forward and backward integration, said another company.
- To grow, diversify and expand in related fields of technology only, said a third. For this company, any project which was within the strategy and satisfied profitability yardsticks was acceptable. This company found low-margin chemicals' manufacture acceptable since it came within its technological capabilities.
- Another company defined its strategy as analysing its present position, defining the nature of its relationship with environmental forces, enunciating its business philosophy and evaluating strong and weak points.
- To take up new projects for expansion in fields which were closer to present projects and technology, was another company's goal. This company rejected a profitable project (in deep-sea fishing and shipbuilding) while accepting a marginally-profitable project (in paint systems) since it was very close to its current heat-transfer technology.
- To stay in the industrial intermediates and capital goods line and in the process to achieve a three-fold rise in profits in real terms over a five-year period, was the sixth company's aim. This company rejected a highly-profitable project (of manufacturing mopeds) since it was a consumer durable and took up a marginal project (of cold-formed structured purlins) for expansion.

Strategic considerations have to increasingly be taken into consideration for capital-expenditure planning rather than leaving the decisions to the finance chaps alone

Two more companies, which did not define their corporate strategies, also cited examples of investment decisions guided by strategic considerations. One of them, (the Indian subsidiary of a giant multinational) implied that it looked for projects in high-technology, priority sectors. This company even sold one of its profitable non-priority sector divisions to a sister concern to maintain its high-tech, priority sector profile. Another company reported giving the thumbs-down to a project to manufacture razor blades because it feared the razor-sharp competition.

The implications of these instances should be clearly understood. In countries of today's complexity, and especially in developing countries like India which have a 'mixed' economic system, companies derive the *raison d'etre* of their existence by satisfying a multiplicity of objectives. Strategic management has thus emerged as a systematic approach in properly positioning companies in the complex environment by balancing multiple objectives.

In practice, therefore, a comprehensive capital-expenditure planning and control system will not simply focus on profitability, as maintained by modern finance theory, but also on growth, competition, the balance of products, total risk, diversification, and managerial capabilities. A company may, thus, undertake an unprofitable or marginally-profitable project to avoid a competitive threat and protect marketshares or to maintain its leadership.

On the other hand, another company may reject a profitable project if it threatens to increase competition. Yet another company may like to choose only those projects/products which fit its current technological capabilities. Similarly, a highly-profitable project may be rejected if management lacks the managerial capability and the organisational skills to manage it.

There are umpteen examples in developing countries like India where unprofitable ventures are not divested even by private sector companies because of their desirability from the point of view of consumers and employees in particular, and society in general. Such considerations are not at all less important than profitability since the ultimate legitimacy and survival of companies (and certainly that of management) hinges on them. Resource allocations, in practice, do not mean just the use of the most refined discounted cash flow (DCF) techniques.

In order to ensure that all aspects of comprehensive capital-expenditure planning and control are covered, the companies surveyed were asked an open-ended question to comment on any aspect of capital-expenditure planning and control which they considered relevant. Their responses are summarised below:

- Apart from profitability, features like the project's critical utility in the production of the main product, the strategic importance of capturing the new product first, and adapting to changing market environments have a definite bearing on investment decisions.
- Technological developments play a critical role in guiding investment decisions. Government policies and concessions also have a bearing on these.
- Investments in production equipment are given top priority among existing products and new projects. Capital investment for expansion in existing lines (where the market potential is proved) is given the first priority. Capital investment in new projects is given the next priority. Investments in buildings, furniture, cars, office equipment etc. are done on the basis of availability of funds and immediate needs.
- One of the most important considerations in any investment evaluation is the labour complement for the new equipment. Two things are considered vital: one, the manning should be kept at the minimum. Therefore, equipment selection is guided by this aim. As far as possible, there should be no recruitment. Also, right from the beginning, efforts must be made to have high output. If there is a slack in the beginning, it will be very difficult to change the pattern later. Two, there must be an overall deployment and utilisation plan for labour, at least for the first five years. The capital-expenditure plan must also be in line with the long-term manpower plan. Ad-hoc investments may create a problem on the labour front.

Some of the above statements are typical of developing economies. Company executives' concern about technological changes, government policy changes or labour deployment and productivity are real, complex issues requiring special managerial attention in allocating resources. These statements reinforce the need for a strategic framework for problem solving and the relevance of strategic considerations in investment planning.

It is also evident that resource allocation is not simply the choosing of the most profitable new project and discarding marginally-profitable ongoing projects or divisions. Companies may have to allocate resources to not-very-attractive existing divisions if that is required for balancing multiple objectives and ensuring the long-term overall vitality of the firm — a concern of great significance in developing countries with "mixed" economic systems.

This doesn't mean DCF techniques will be discarded or de-emphasised if the strategic framework is used for allocating resources. DCF, in fact, comes in stage two: once strategic questions have been answered, investment proposals may be subjected to DCF evaluation.

■ *I.M. Pandey*

The author is a professor of finance and the chairman of the fellow programme in management at IIM, Ahmedabad.

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NON-RESTRICTED INDIANS

The most favoured Indian is perhaps the non-resident kind. He can now have the best of both worlds by being able to spend as many as five months a year in India and yet enjoy the privilege of not disclosing his foreign assets and not paying tax on his foreign income. An individual resident in India, on the other hand, can be taxed on his global income.

Further, if a non-resident Indian (NRI) makes an investment in foreign exchange in India, he is liable to pay capital gains tax only after setting off losses by way of currency fluctuations. These two measures were recently introduced in tax laws with effect from the assessment year 1990-91. NRIs can take advantage of them for the financial year ended 31 March 1990.

Prior to these tax amendments, a citizen of India was held to be a resident in a particular year if he had visited or been in the country for a period (or periods) of 365 days or more in the four years preceding the year in question. Besides, he should have been in India for 90 days or more in that year. In the case of individuals who were not citizens of India, the period of stay was restricted to 60 days or more as against 90 days for citizens.

In order to enable NRIs to stay longer in India without losing their non-resident status, clause (b) of the explanation to clause (c) of ss.(1) of s.6 of the Income-Tax Act has been amended. The period of 90 days provided thereunder has been increased to 150 days. The amended provision will apply not only to citizens of India but also to people of Indian origin within the meaning of the explanation to clause (e) of s.115C of the Act. (A person is deemed to be of Indian origin if he or either of his parents or any of his grandparents was born in undivided India.)

The new beneficial provisions for NRIs may have the unintended consequence of accelerating the brain-drain

The effect of the amended provision is that, subject to the other conditions under s.6 of the Act, such persons could have stayed in India for 149 days a year as against 89 days (in the case of citizens of India) and 59 days earlier (in the case of those who were not citizens) during a previous year without losing their non-resident status.

In other words, an NRI can now spend upto 149 days in India once he has become non-resident and yet continue with that status. (However, if he carries on any profession in India, he may be treated as resident under the Foreign Exchange Regulation Act though he may be a non-resident under the income-tax law.)

NRIs have other significant tax benefits too. The government has amended ss.(1) of s.48 of the Income-Tax Act to provide that the computation of capital gains on the transfer of shares and debentures of Indian companies shall be made by converting the cost of acquisition, the consideration for transfer and the expenditure incurred in connection with such transfer into the foreign currency in which the investment was originally made.

The capital gains so computed in foreign currency are then reconverted into Indian currency. The conversion is made at the rate of exchange prescribed by the central board of direct taxes in this behalf. This method of computation applies to capital gains from reinvestments made thereafter in shares and debentures of Indian companies.

The following example will make the impact of the new provision clear. Let's say Mr X, an NRI, remits US $20,000 to India to purchase shares in an Indian company. Assume further that Mr X holds the shares for 18 months (long-term) before selling them. If, at the time of purchasing the shares, the prescribed rate of exchange of the dollar was Rs 14 against the rupee, then the value of the shares purchased would be Rs 2.8 lakhs.

If the shares are sold after 18 months, the full value of the transfer consideration received is Rs 4.4 lakhs. But as the new exchange rate may be (say) Rs 16 per dollar, the long-term capital gains will have to be computed differently as specified by s.48.

In rupee terms, the gross capital gain is Rs 1.6 lakhs (Rs 4.4 lakhs minus Rs 2.8 lakhs). But when converted to dollars, the capital appreciation is $7,500 ($27,500 sale price minus $20,000 purchase price). Converted back to rupees at Rs 16 a dollar, the gross capital gain in Indian rupees is Rs 1.2 lakhs only.

Thus, on account of the amended provisions of ss.(1) of s.48, the NRI investor will be compensated for the lower earning in foreign currency on account of the fall in the value of the rupee.

S.115D of the Income-Tax Act, containing special provisions for the computation of the total income of NRIs, provides that while computing investment income or income by way of long-term capital gains, no deduction shall be allowed under Chapter VI-A. Under this chapter, s.80-T, which provided for deductions in respect of long-term capital gains in the case of non-corporate assessees, was omitted by the Finance Act of 1987 with effect from 1 April 1988 since the deduction was incorporated in s.48(2) which does not fall under Chapter VI-A.

Hence, NRIs having investment income and electing to be governed by the provisions of Chapter XII-A were getting the unintended benefit of deductions under s.48(2) as well. In order to rectify this situation, s.115-D has been amended to provide that no deduction shall be allowed under ss.(2) of s.48 as well.

Overall, there is no doubt that the new provisions greatly benefit NRIs. In fact, Indians may now be induced to become NRIs. This may have the unintended consequence of accelerating the brain-drain.

■ *H.P. Ranina*
The author is a Bombay-based advocate.

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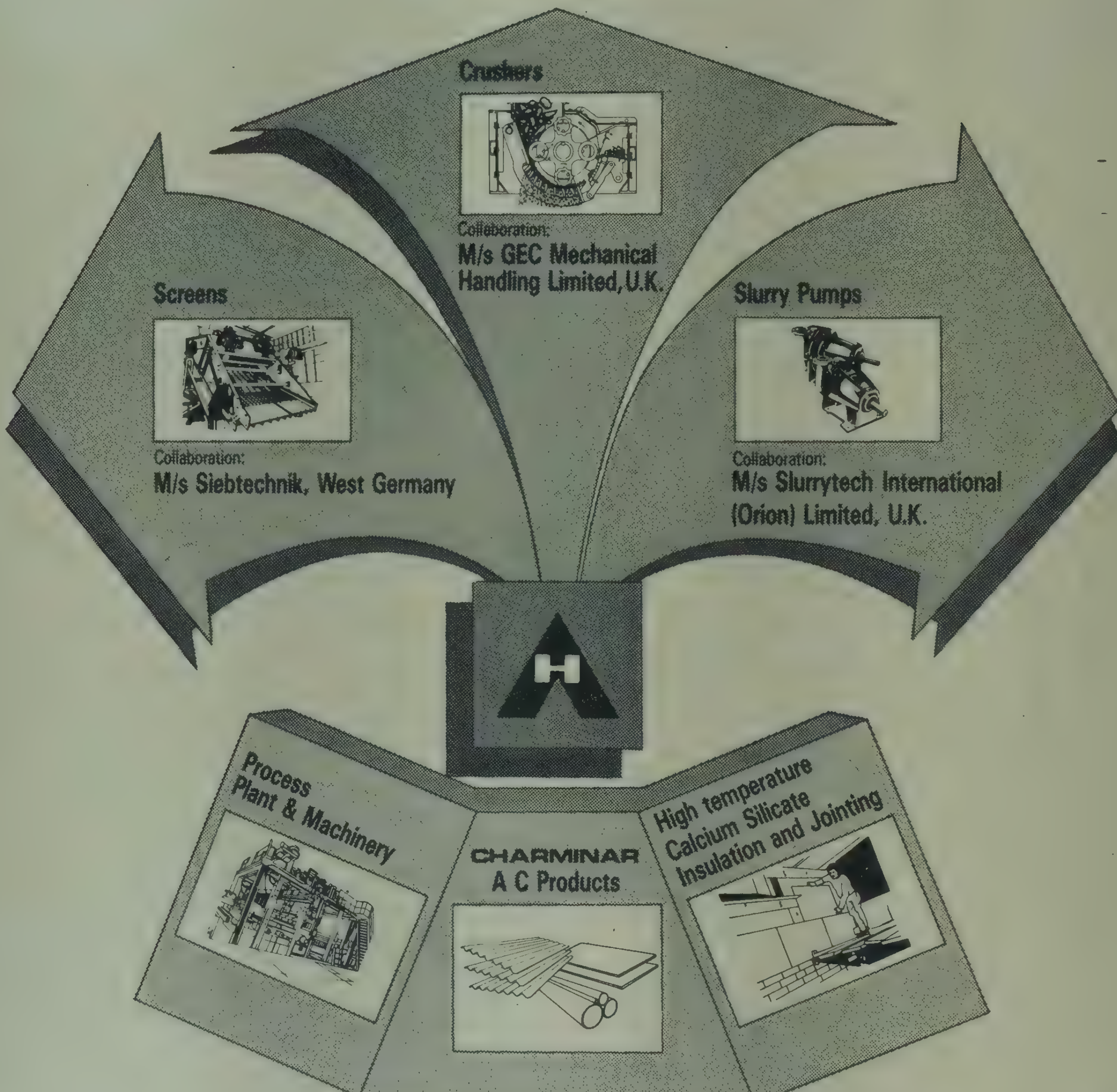

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SCISSORS' EDGE

When a brand is launched it has to make a splash; it makes news. Sustaining it in the marketplace, however, is no less difficult though comparatively humdrum ballgame. It requires effective management of the product life cycle (PLC).

Scissors, one of the leading cigarette brands today, was flagged off by ITC in 1912. It was not just any other cigarette but the first cigarette to be launched in India and as such was introducing a totally new product category. It has had its ups and downs. This extract from Marketing Management, *the first comprehensive book on the subject in the Indian context, takes a look at Scissors since the efforts to revive the brand in the early sixties at a time when it had buckled under a threat from Panama, a rival brand from National Tobacco Company.*

There was sharp debate and analysis within ITC and it was confronted with two choices:

a. To milch the brand and exit.

b. To aggressively use appropriate marketing strategies and tools and revive the brand.

And ITC took one of the most momentous decisions in its history — to revive Scissors.

ITC did a great deal of introspection and analysis. It commissioned a research study. The study gave the conclusions that Scissors had a poor image rating; was smoked by hardcore smokers; had low solus smokers count; was not attracting new smokers; had a blue-collar smokers' profile; had a relatively older, less-educated, less-affluent smokers' profile; the pack was outdated/traditional; the advertising had no distinctive position, was bland, had poor recall, and failed to provoke consumer interest; promotions were oriented towards the trade and did not ensure smokers' participation, promotions were not "news-creating"; and the brand suffered from productivity and quality complaints.

ITC defined the job as one of re-establishing the lost image of the brand. It set the following objectives as the core of the revival campaign: (i) to reassure the existing consumers and strengthen their loyalty to the brand; (ii) to generate retrial by the ex-consumers of Scissors; (iii) to attract possible new business accruing at this segment; and (iv) to convert smokers from competition.

ITC found that no single strategy or single programme could meet all these objectives. It knew that enriching the product was a major requirement; it knew that packaging also had to be improved and the new quality product had to take a distinct image through innovative promotion and marketing communication. Under its revival mission, ITC implemented a whole range of programmes.

- The pack was modernised, which incorporated a contemporary design. The pack was test-marketed.
- The blend was improved.
- The product quality was demonstrably improved.
- The advertising campaign was revamped.
- High quality, action-oriented, national promotions that would support the "action theme" and ensure high consumer participation were launched. The objective was to generate excitement around the brand that would encourage trials and make people experience the new and improved product.

PACK DESIGN

ITC knew that changing the pack design was a highly sensitive issue. Handled wrongly , it would amount to 'discontinuity' of the brand and give opposite results. So, ITC discovered a reason for changing the pack design. A rationale was found in the diamond jubilee celebrations of Scissors. Around this news creating activity, Scissors came up with the new pack design.

_ The new ad campaign ran with a positive note: 'For men of Action — Satisfaction,' defining a lifestyle position for the smokers of the brand. The 'action' was the image dimension; the word 'satisfaction' was intended to underscore the physical product promise. Extending the idea to promotion, 'action' oriented promotional contests and rallies like national games, scooter rallies etc. were organised.

Excellent quality was ensured in each of these actions/campaigns. The intention was to create new and live activity around Scissors. In the midst of this action and liveliness, the product did come in a better blend, with better tobacco — a really improved Scissors, in a new and attractive pack design.

All these inputs not only lifted the image of Scissors but also reversed the declining volume trend. Scissors finally overtook the main competition and became the largest-selling brand. From 6.5% in 1961-62, the share increased to 7.5% in 62-63, 9.5% in 67-68, 12% in 68-69 and 12.8% in 70-71. The volume picked up from the level of 206 million sticks in 1961-62 to 235 million in 62-63, 237 million in 64-65, 292 million in 65-66, 342 million in 66-67, 430 million in 67-68, 594 million in 69-70 and 675 million in 70-71.

In short, Scissors was thus most stunningly brought back to its earlier stage — the stage of growth and maturity. The volume trebled from the 1948-49 level. And the market share at 12.8% was the same as the 1950-51 position which denoted a peak stage in the life cycle of Scissors.

Scissors regaining its original eminence from the totally crumbled position was, by all counts, a feat of adventure because, by then, the cigarette market had undergone substantial changes. More manufacturers had come on the scene; dozens of new brands in various categories had appeared; the 'filters' had come in a big way and the plains were losing ground to filters; and the consumers had a variety of choice available to them. It is in this scenario of brisk competition that Scissors came back with renewed vigour and zest, gained a great acceptance from the consumers, becoming once again the largest-selling brand in the country.

Like a fairy tale, Scissors experienced a second decline within the next decade. A peculiar phenomenon

was evident in the cigarette market between 1971 and 1973. Both Scissors and its main competitor were losing sales and market shares! Both had to repeatedly increase their prices and the customers were turning away from both these brands, switching over to brands in the lower price categories.

In 1974, Scissors suffered an additional setback as a result of its 'unilateral' price hike, beyond the erstwhile price of 10 ps per stick, while the main competitor remained entrenched at 10 ps per stick. The Scissors price (to the large 70% stick buyer segment) took a quantum jump, to 25 ps for two sticks or 15 ps per stick. The result was disastrous. Scissors' market share once again nosedived from 13% in 1970-71 to 3.9% in 1975-76. The volume fell to 191 million in 1975-76 from 675 million in 1970-71.

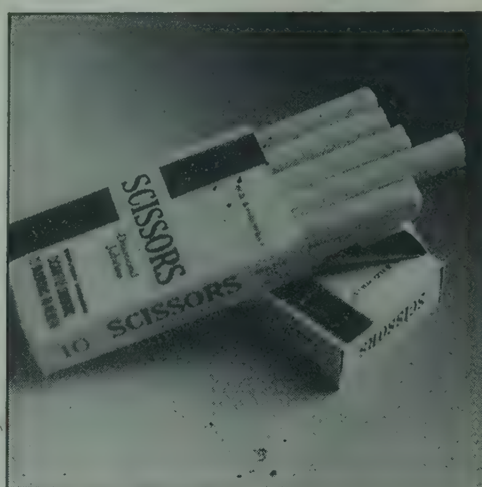
HARD LESSON

It was a hard lesson for ITC. After all, price played a very critical role in this segment. With all manufacturers pursuing price-led strategies, the price focus became the paramount factor in brand choice, particularly in the non-premium segments. Scissors obviously had not yet attained an image and status to break away from the price barrier. The consumer did not perceive the brand as adequate value at the enhanced price. The brand had not been prepared for a price increase — a lesson ITC learnt, the hard way.

The brand had to be retrieved and revamped again from its 3.9% market share position. The first decision ITC took was on the price front. In 1977, ITC reverted the price back to the original level of 10 ps per stick. The sales and the market share were gradually regained. In 1980, despite a major strike, which hampered production, Scissors managed to capture the all-time high of 17% market share and a volume of 1,133 million. But this was at the cost of profits.

Though a price increase was justified from the consideration of costs and profits, it was not justified from the consumers' point of view. The consumers still did not perceive and accept the brand as adequate value at an enhanced price. The brand had not yet been prepared for a price increase. Moreover, the main competing brand was holding the price steady. ITC did not repeat its earlier mistake of a quick price increase. It adopted a strategy entirely different from the earlier (pre-modernisation) strategy. While previously, product economies were resorted to, when faced with dwindling profits, this time, Scissors was prepared for a price increase through product improvement. Scissors was provided with fresh inputs in product, packaging, blend and quality. Very heavy investments were provided in advertising and promotion to highlight its salient features and image. While the "Action-Satisfaction" theme was retained, more contemporary and image-creating visuals were deployed.

As a result of these inputs, there was a big jump in the image of the brand. It ceased to be a commodity. It developed a personality of its own. These inputs allowed Scissors to break away from the shacklehold of



the competitors' price barrier. The brand was now ready for a price increase. The price was increased in 1981 (this time confidently). On this occasion, the volume decline was only marginal and after a temporary dip, the volume continued to grow, and today, it occupies the top spot in terms of volume.

The revival this time had an added significance — it not only prolonged the healthy and profitable phase of Scissors' product life cycle, but also successfully took Scissors out of the competing brands' price stranglehold by helping Scissors develop a personality of its own.

Scissors continues to hold its own against the onslaught of all the brands and sustains its top position in the cigarette market.

Recognising the need for further upgrading the brand image and heightening its contemporariness, ITC also placed a king size version of Scissors in the market. Over the years, the goodwill of the prestigious brand was used to spawn an entire brand family. Scissors' massive volume base made it a carrier brand on whose broad back, many other brands of the company rode.

The continuous inputs in product and advertising have reflected in improved consumer ratings on the following counts: quality of manufacture, value for money, flavour, taste, satisfaction, modernity, youthfulness and pack.

In particular, ITC ensured that the advertising and promotion of Scissors continuously underwent modernisation. The basic theme of "Action-Satisfaction" still remains an element of continuum but "the man of action" is now more sophisticated, and indulges in more contemporary activities.

The revival of Scissors undertaken by ITC is one of the best examples of the successful management of the product life cycle of a brand. The decline experienced by Scissors was so steep and devastating that the brand could have easily glided into total extinction. To revive Scissors at that stage was as difficult as reviving a patient who had suffered the worst stroke.

ITC acted with care and caution. It identified correctly the problems associated with each of the stages of the brand's PLC. And it solved the problems through appropriate changes in its marketing strategies. The way the product, price and promotion were managed in the days of the launch and growth of the brand could no longer hold good in the stages of maturity and an impending extinction. ITC proved that revival of the brand was possible through appropriate modifications in strategies to take care of the situations in each of the life cycle stages of the brand. And ITC's success was classic, because it was not one of those usual revivals where a brand is given a fresh lease of life for a short while through short run sales promotion. Scissors was brought back to its earlier trend of ascendancy and was repositioned as the patriarch of the entire family of brands produced by ITC. As a result, Scissors, an 80 year old brand, continues its march, preparing to celebrate its centenary.

(Extracted from Marketing Management — Planning, Implementation and Control — The Indian Context: by V.S. Ramaswamy & S. Namakumari; published by Macmillan India Ltd; Rs 78.)

TRACING A PRODUCT LAUNCH

Given that you already have a well-known name in the marketplace, what does it take to bring forth a new brand in a new area? The toil, research and study involved is enormous — both in terms of expense and creative efforts that cut across a range of diverse marketing methods and sciences.

The example here relates to Cadbury's launch of three new products in the UK last year. But since the nature of the pre-launch activities is the same anywhere, it offers a rare glimpse into the mechanisms of contemporary product conceptualisation, development and positioning. It is particularly relevant to the burgeoning new consumer market in India.

The details of the story are not as interesting as the insight this case provides into the dynamics of marketing, where images, fine tuning into sensitive behavioural areas and the need for accurate and reliable data based on research can make all the difference between a damp squib and a sensational success.

Creating a product concept can be a long-drawn process — one requiring meticulous research. The case of how Cadbury's launched three chocolate assortments in the UK offers useful insights in this area

Imagine a box of chocolates: what it looks like, how it is presented and what it contains? The chances are that the picture in your mind's eye is that of a fairly plain, flat, rectangular box with two layers of milk or plain chocolates — caramels, strawberry creams, hazelnut whirls, and the like. All perfectly nice, but perhaps just the tiniest bit dull.

This was the situation facing Cadbury when it embarked upon Project Gift in May 1986, an ambitious programme that set out to redefine the assortments market and Cadbury's position in it. Last year, in December, the chocolate-eating public of the UK began to taste the fruits of Cadbury's labour in the three new assortments that emerged from Project Gift.

The gift market was singled out for special attention as part of the blue skies, venturesome side of Cadbury's product development. Cadbury's perceived an opening up of the market and an opportunity to step in with a new generation of gift confectionery. Exploratory research revealed that chocolates made good presents, quite simply because most people liked them. A box of chocolates is, therefore, rarely unwelcome and appropriate on a wide variety of occasions.

The main problem with the big existing brands, however, was that, as gifts they were seen as somewhat safe and impersonal, a soft option not requiring much thought from the giver. Armed with this information, the new product development team, a core of five people encompassing the research, technical, creative and marketing aspects of the task, embarked on a programme to find ways of making assortments compete on a more personal level. Because of the sheer size of the gift market, the research undertaken was some of the most extensive Cadbury's had ever commissioned.

To start with, Cadbury's research examined people's attitudes to presents in general. Four broad ideas were pursued in the initial stages of research: a chocolate assortment for men, a light fruit-based assortment, an upmarket premium box of chocolates and a casual gift selection. Because people find it hard to react to abstract ideas, mock-ups were made of actual boxes containing chocolates which the subjects could try. Concept boards, which essentially looked like advertisements, were used to place the products in context and put across the image Cadbury's was pursuing.

From this stage of research, three main opportunities emerged, eventually resulting in new gift assortments. The first and perhaps most straightforward of the bunch was a high class, prestigious gift opportunity aimed at the top end of the market. Research revealed that consumers were buying more gourmet products and at the same time that Cadbury's was a name to be carried on an upmarket assortment.(It is only in the last 15-20 years that Cadbury's has not been represented at the premium end of the market. In the sixties, it had luxury presentations in the King George V assortment as well as Cadbury's Continental Selection.)

This time round, Cadbury's examined three possible positions: an expensive continental assortment called Fontennay, an upbeat designer style box called Protocol and a traditional English selection. It was the last of these that came up a clear winner — Heritage, an assortment of hand-finished, traditional English chocolates in a metal-hinged, cloth-covered box that proudly announced its origin from the house of Cadbury's.

The second opportunity for a potential new market search was a woman-to-woman gift. Women are, in fact, the most frequent buyers of gifts, because they buy gifts not only on their own accounts but also on behalf of husbands and boyfriends. Yet, because most of the imagery in chocolate advertising promotes assortments as a romantic gift from men to women, the substantial woman-to-woman market was being ignored.

The chocolates themselves stayed with the original idea of light fruit flavours, capitalising on the trend towards fresher, more natural products. As for the packaging, women reacted positively to the idea of a special gift, something one opened with a sense of anticipation.

By far the most adventurous theory explored for this purpose was the introduction of humour into chocolates. Mock-ups were made of an assortment called Follies, consisting of a tray of cube-shaped boxes each containing a single chocolate. When a cube was removed it revealed a joke or witty quip on the tray. Somehow it did not click.

Humour in chocolates was too different, too away from the mainstream. The other problem was that Follies seemed to lack any element of romance.

A second proposal for the ideal woman's gift was an assortment called Cachet. This focussed on the ideas of preciousness and smallness, since many women prefer quality to quantity. The box, which looked like a small jewellery case — very solid with a dome-shaped lid and brass hinges — was in a sense too successful. Women loved it, but the problem was it looked too expensive.

The next option was a box called Illusions. It was decorated with a pattern that looked like runes or hieroglyphs and had two drawers which, when pulled out, revealed the chocolates. This performed very well with younger women because the design was quite trendy. But in the end it was felt to be 'too tribal.'

Finally, in the same category, there was a product called Lace — more romantic than Illusions and playing heavily on the idea of pampering the receiver. Lace contained many of the elements incorporated in the final product — the chocolates were entirely fruit-based and the box was cube-shaped with drawers. Working with these ideas, the next stage of research produced three alternatives. One was essentially the same as Lace but now rechristened Rumours, the second was a sexier, purple version called Censored, and the third was Expressions, a taller pack with four drawers.

Of these, Censored was deemed too risque, Rumours too young and cheerful, and Expressions, just about right. By this stage it was June 1988 and all that was needed was a last bout of qualitative work to fine-tune the details. At that point it was discovered that a rival had registered the name Impressions and a quick phone call revealed that they too were launching a new fruit assortment. It was just too similar, so three more names were tested. Inspirations came out best.

Happily, developing the third opportunity, a box of chocolates for men, turned out to be relatively easy when compared to the many stages of Inspirations. The idea of an assortment for men was based on the fact that men like chocolates just as much as women. Indeed, nearly half of the chocolates given to women are eaten by pilfering husbands, boyfriends, sons and so on. Yet because of the strength of the romantic imagery associated with major brands, men hardly ever receive their own chocs.

Ironically, despite the fact that Cadbury's was breaking new ground with its chocolates for men, it only took one stage of development to arrive at the final product: Tribute (some might say this is not surprising because, unlike women, men have no problem making up their minds about what they like). The ideas the company was working with were a simple, unfussy box, with regimented rows of chocolates and a key guide on the lid.

What they came up with was a simple, briefcase shaped box and a square box. Both contained a single layer of nut and fruit clusters arranged in neat rows with Tribute and Abraxas as suggested names. The square box was abandoned because it resembled a box of cigars and, as a name, Abraxas was discounted for being too flashy and pretentious. So the original blue, briefcase shaped box prevailed as did the name Tribute. Men thought it was classic and masculine and they found the name flattering. They thought they deserved a tribute. The product was simple, but different.

Meanwhile, parallel to the packaging and marketing effort, the technical development department was experimenting with different recipes to put into the assortments and working out what new equipment would be needed to produce them.

For the recipes themselves, the task facing the confectioners was creating not merely three new products but 20 or 30. Faced with the open brief of a fruit-based assortment for Inspirations, they suggested 110 recipes at the first stage. The job was not an easy one. Suitable raw materials are automatically limited to products that can last for six months on the shelves. Further, the confectioners were told to come up with something new, not just another series of strawberry and raspberry creams.

Of the original 110 recipes, about 40 were shortlisted for consumer research by Cadbury's panel of expert chocolate testers and by the general public.

Reactions to the new products have been mixed. Inspirations is deemed the most likely success, both because it is selling to an established audience and, equally important, because it will be backed by a substantial television advertising campaign. Heritage has also been positively received, although it is expected by the trade to carry low volumes because of its price. This is not necessarily contrary to Cadbury's intentions. Heritage is not being advertised.

Tribute, on the other hand, has faced a degree of scepticism from the trade. As well as challenging traditional ideas about chocolate gifts, it is not being advertised on television. Instead a poster campaign was initiated before Christmas that promoted it as the alternative stocking filler to socks, ties and hankies. Cadbury's is not blind to the gamble it is taking, but expects Tribute to make its mark in the long run.

In any case, the timetable for determining whether the three newcomers are successful runs into years. Cadbury's will be able to form a tentative picture after this year, but since most people buy chocolates just a handful of times a year, it will be well into the nineties before habitual repurchasing patterns can be established.

But the spinoffs for Cadbury's are very attractive. For instance, in India, the company can use the experience of the UK launch and the research data to plan an entry into the gift market, possibly as a strong competitor to existing brands. (It is already doing so in a small way.) The fact that Cadbury's is a highly regarded name in the chocolate business does not, in any sense, give any indication of the likely success in a specialised new segment of the consumer market.

It's obvious that Cadbury's India has entered the icecream market in India (with the Dollops brand) after testing the product with the same cautious, meticulous approach that the parent took in the UK. It's a calculated, professional way of marketing, and, given the risks involved, that's probably the only way to go.

■ *Gita Manian*

The author is proprietor, Meridian Consultancy, Bombay.

NEW LOBS FROM DOLLOPS

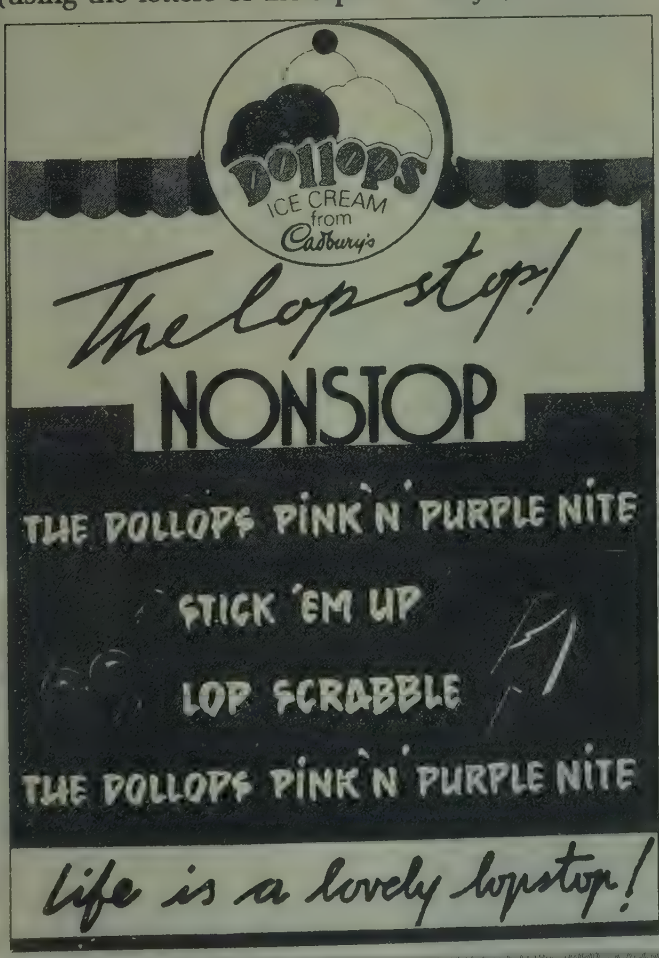
With the mercury rising, competitive fervour in the ice cream market is keeping pace. And every manufacturer worth his salt is pitching in with promotional efforts. Gimmicks is what Cadbury's India has opted for in its new Dollops range of ice creams. In early May, the company held a 'Dollops Pink 'n' Purple Nite' where, if customers dropped in at the Dollops Lop stops dressed in purple and pink, they stood a chance of winning a prize — a zappy dip, a new biscuit snack from the company. There was a rider, though. You have to buy a Dollops ice cream.

That was just the beginning of a month-long swing of similar marketing gimmicks. 'The beginning of a month of non-stop lopstop fun', said the company's ads. "Next on the list is black currant nite," says Cadbury's business manager (ice creams), Ashok Jain, "when we'll ask customers to dress up in black and purple." That'll be followed by 'Stick 'em up' a sticker collection contest, and finally a letter game where customers would have to make up words describing Dollops (using the letters of the alphabet they get with each purchase).

According to Jain, the main purpose of the new marketing blitz is to promote the Dollops lopstop chain. "All our 17 outlets in Bombay and the eight more that will be opened soon have the same decor, colour schemes and standards," says he. Going by the response to the pink 'n' purple nite, Cadbury's should be feeling pleased as punch. For it attracted around 1,000 people. "Some even streaked their hair pink and purple," says Jain. But he ruefully admits that the male population was conspicuously absent. Few men dress in pink and purple.

If the ice cream market is, as Jain foresees, bigger than the market for chocolates and valued at around Rs 150-200 crores, marketing can only get more innovative and strident. And added to the mushrooming competition now there's also a 10% budget levy which hasn't helped.

But though Jain claims Dollops is already no.1 in Bangalore and has bagged15-18%of Bombay's Rs 35-crore market, the company's launch in Bombay wasn't as smooth as cream. Production problems caused supply bottlenecks and many a customer was disappointed by the absence of flavours at the shops. "But," says Jain, "these plant problems have now been sorted out." And Dollops is back in the fray. But will Dollops' new marketing lobs hold competitors at bay? Or will the lops earn an 'f' as prefix?



A SUPREME BREW

Brooke Bond, which already dominates the domestic tea market, is sewing up the market further in the south. It has recently launched a premium brand called 'Supreme' dust tea exclusively for the Tamil Nadu market to begin with. An entry into the Andhra Pradesh market is planned later. A bit more upmarket than its present 3 Roses brand and Super Dust, the brand will be available in 250 gm packs for household tea drinkers

and tea shops. As a Brooke Bond manager comments: "The rationale for the Supreme launch is that the consumer is upgrading himself and we want to be the ultimate in the area of dust tea." The key here is tea being branded as Assam CTC-Dust, which gives a much stronger brew than that grown in the Nilgiris.

Interestingly, the tea market is apparently well packaged into two neat slots in the country. North of the Vindhyas is where leaf tea dominates, while in the south it's dust tea. The reason for choosing Tamil Nadu for the Supreme launch was logical. Packaged dust tea is most popular in this state as well as to some extent in Andhra Pradesh. In Kerala and Karnataka, the mass market prefers tea sold loose rather than in packs. So the Brooke Bond gambit is to lure the Tamil Nadu customer with a more refined variety of dust tea exotically labelled Assam CTC-dust, from where, as we all know, the best teas come. Obviously there is more to the cuppa than meets the eye!

ONCE BITTEN...

Once bitten, but not quite twice shy. Leading mainline advertising agencies are making a renewed bid to get into the misty world of financial advertising. Misty or murky, financial advertising has always remained a grey area for the mainline agencies. The reason? The rules of the game are different. Rapport with stockbrokers, a feel for the capital markets and familiarity with new issue flotations are skills which few of the major advertising agencies

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are well versed in. Even less well versed are they in the art of offering kickbacks to the advertiser and other types of wheeling and dealing.

But this time around, the big guys of the ad world are mustering strength to break the stranglehold of a handful of specialist agencies who've cornered this fast growing Rs 100 crore segment of advertising business. Hindustan Thompson, for one, is giving the big push to a subsidiary, Fortune Communications. Already HTA has pinched a number of executives from leading financial advertising agencies and plans to get cracking by year-end.

It's set its sights not only on private sector clients but also public sector ones for their mutual funds and other investment schemes.

HTA's not alone in the field. Options, Trikaya Grey's financial advertising division, is planning a big leap. It's tying up with UK-based specialist Dewe Rogerson for tapping the growing business. Options is talking about cornering a Rs 5 crore chunk of the business this year. If they manage to drum up enough business, the small specialist ad shops will have to watch out.

LED ADS

Move over, hoardings. Display boards have arrived. And going by the look of things, they're here to stay. A small Madras-based advertising agency, Century Advertising, has introduced a multi-coloured LED (light emitting diode) computerised graphic display board at a major traffic junction in the city.

Billed as the first of its kind in the country, the display can reproduce all of 12 colours and has a wide range of animation capabilities. The system, which is backed by a 80286-based microcomputer, has a colour monitor on which pictures can be visualised before displays. Says Century's Venkat Ramani: "LEDs have a longer life (roughly 1,000 times) compared to normal bulbs. And also faster on/off times."

Though clients are not exactly stampeding in, perhaps because of the rather stiff price of advertising on the board, Ramani claims it is finding greater acceptability with discerning advertisers. For example, Allwyn plans to book a whole week for its new Trendy range rather than have several 30-second TV spots a day. Others too have hopped on: the TI group, Godrej, LIC and the P&T department's Speedpost.

Ramani has other plans up his sleeve too. He has recently tied up with a multinational bank to telemarket its services, which essentially involves tomtomming the bank's services over the phone to patient listeners. Century is also negotiating with a French firm to use laser technology in display advertising in Bombay. Any takers?

LIMCA FOR THE BRITS?

The bow-wow about BVO (brominated vegetable oils) hasn't died down. Pepsi's much awaited launch is underway. And soft drink bottles are getting bigger. But while summer's not the only kind of heat in the domestic market for fizzy drinks, Limca, 'the zero bacteria drink,' is planning to make new waves. Parle Beverages' winning drink, say reliable insiders, is planning a super launch. Right in blighty. The company is working out plans to launch the fizzy 'lime 'n' lemoni' drink in the UK. But everything's being kept under wraps for the time being. Quizzed about the UK launch, Parle supremo Ramesh Chauhan has a puzzling answer: "Yes and no," says he.

OLD IS A BIT GOLD

In the extremely competitive refrigerator market, manufacturers have been trying every gambit to help push sales. Now Kelvinator is planning to revamp an ancient strategy — new goods for old. Kelvinator is planning to buy back old models of refrigerators and give a substantial discount of Rs 2,500 to Rs 3,000 on purchases of new models. There is, however, one catch. The trade-in will apply only to purchases of upmarket Kelvinator refrigerators priced at above Rs 10,000. The scheme is still on paper but should be flagged off soon. Any takers?

A WHISPER OF COMPETITION

With Procter & Gamble's (P&G) new sanitary napkin 'Whisper' hitting the national market (it was launched in Bangalore last November), the Rs 30 crore market is already showing signs of pepping up. Market leader Johnson & Johnson (J&J) has already taken note and swiftly changed strategies.

J&J, which controls a mind boggling 65% of the sanitary napkins market (45% with Carefree and 20% with Stayfree) is going slow on advertising for market leader Carefree. Instead, it's turning the heat on with Stayfree campaigns. The reason: J&J's Stayfree, like Whispers, is a beltless napkin. The company sees P&G's new product as a head-on competitor. The campaign for Stayfree's not the only counter attack J&J's launched. There's a new beltless minipad which has also hit the market.

Clearly, J&J's taking the P&G thrust seriously. With reason. P&G's Whisper is a market leader in the US though it was launched there only a few years back. P&G in India claims Whisper has already carved out a 10% slice of the Bangalore market. While beltless sanitary napkins form just 25% of the total market, it's this segment which is growing the fastest. And with Whisper already in the market and Stayfree striving to retain its position, the scene looks all set for lively action.

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Lufthansa

HAASE HAS A GAMEPLAN

ANOTHER WHITE GOODS HOPEFUL

Yet another consumer-oriented revolution has finally washed up on the shores of India. Last month, front-ranking global white goods manufacturer Robert Bosch Hausgerate GmbH of West Germany (annual sales: DM 1.9 billion, or Rs 2,100 crores at DM 1 = Rs 11) marked its entry into rough-and-tumble world of washing machines: managing director H.P. Haase inaugurated a brand new Rs 22 crore factory at Goa set up by the Calcutta-based IFB Industries Ltd. (formerly Indian Fine Blank) to manufacture 100,000 washing machines per annum.

"The fully automatic Tumble 2900 model is currently one of our bestsellers in Europe and is being produced at our 1.5 million units per annum capacity Berlin plant," says Haase. "I am confident that IFB's factory will manufacture these washing machines to the same exacting standards of our own plants in Europe." As IFB's technical collaborator, Bosch will play a key role in overseeing the operating standards and efficiencies of the Goa plant. (As of now, though, Bosch holds no equity stake in IFB Industries and neither is it represented on the latter's board.)

Platform for exports. Although the domestic market today laps up an estimated 200,000 washing machines and is growing at 30% annually, exports will be one of the priority planks of the Bosch-IFB tieup. Given high transportation costs, the likelihood of being able to ship out products to Japan, Australia and the Asean countries from Goa rather than distant Europe is distinctly attractive to Bosch. IFB Industries' managing director Bijon Nag predicts that at least 40% of the Goa factory's output will be exported. Concurs Haase: "We see India as a platform for the supply of Bosch household appliances to Asia, the Middle East and the Soviet Union."

The company's credentials, of course, are excellent. It pioneered the manufacture of refrigerators (1933) and washing machines (1958). As part of the Stuttgart-headquartered Worldwide Robert Bosch Group (sales: DM 30 billion), Bosch Hausgerate has a blue-blooded parentage as well. (Bangalore-based Motor Industries Co. Ltd. — Mico — is a 51% subsidiary of the parent.)

At his level, Haase says his main task is to ensure that high standards of quality are maintained at his company's 11 factories across Europe. "At Bosch, excellence comes as the standard." Indeed, one of his concerns about Tumble 2900's performance prospects in India relates to the notoriously unreliable pressure levels and cleanliness standards of urban water supply in this country.

When the machine hits the white goods counters shortly, it is likely to sport a price tag of around Rs 13,000. As a prime player in the upmarket league, it will compete with the high-profile Videocon among others. Quips a wag: "The Royal Bengal Tiger (i.e. Nag) has taken on the Videocon lion." At least this is one impending corporate combat which will be watched with interest.

Future possibilities. Having made his maiden entry, Haase is busy sizing up future possibilities, including small to medium appliances like toasters, mixies and vacuum cleaners. If the white goods industry maintains its sunrise status through the nineties, it is more than likely that he will land up with plenty on his plate.

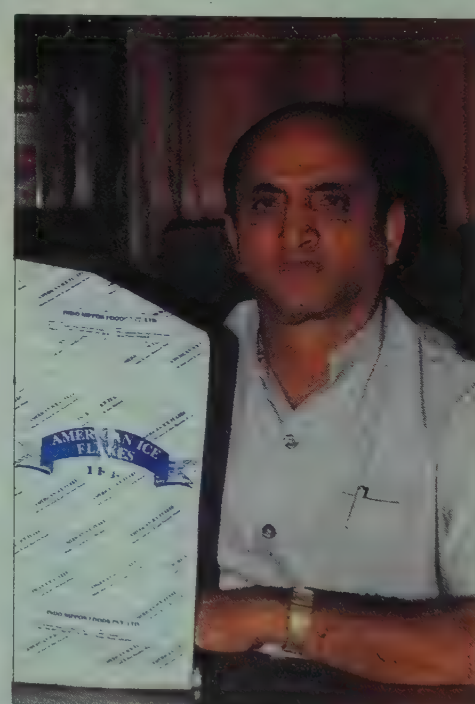
India's affluent 100 million strong middle-class will clearly see a lot more of Bosch in the coming years.

NOT ON THIN ICE

Beer and ice: two things a sunburnt Delhi-ite cannot do without in summer. Yet, sadly, they are always in short supply. Around mid-May, beer had almost vanished from the face of the capital. But not ice. Bringing chill into every Delhi-ite's parched throat is Satish K. Gaddh, chairman and managing director of Indo-Nippon Foods Pvt. Ltd. And cooling thirsty throats will not be ice cubes or ice bullets, but ice flakes. In June, Indo-Nippon's American ice flakes promise to make a splash "almost everywhere in Delhi."

To be sold in 1 kg polypacks and 10 kg thermocol igloo packs (for bulk consumers), these ice flakes — priced at Rs 3 a kg — are supposed to have a longer shelf life than ice cubes and other variants. Flakes are thin pieces without a definite shape. Gaddh claims that even after 36 hours in storage, there is only a 10% loss of water. Flakes, he says, melt slower than ice cubes

GADDH IS HOT ON ICE



in air. But in water, they melt faster than cubes; their uneven, irregular shapes facilitate a wider area of contact and hence ensure faster dissolution.

In cold storage. However, despite all the advantages, American ice flakes will have to be kept in cold storage. Once taken out, they will remain frigid for not more than 20 minutes. Made from pure, zero-bacteria water at Indo-Nippon's plant at Gurgaon near Delhi, the technology was imported from Cryo Industries of the US. "Our ice flakes will be the cheapest and the best," claims Gaddh.

Other names like Perfect Ice, Pure Ice and local brands are selling at prices ranging from Rs 4 to Rs 7 per kg in the capital. Not surprisingly, Gaddh does not consider them to be competition. "We are the first commercial ice manufacturer in the organised sector," he says. "Others are small players, selling about 2,000-4,000 kg per day." (Indo-Nippon has a capacity of 12,000 kg per day.)

But the tall claims despite, Gaddh has some way to go: the company is currently selling about 3,000 kg per day, with the clientele comprising mainly bulk buyers like five-star hotels and elite clubs. Distribution and delivery are a hassle. Gaddh hopes to attain full capacity as and when he acquires an organised dealership network. That could take time, although he says he can get it done "in a matter of days." Until he is able to do that, delivery costs could inhibit demand. Currently the delivery charge is Re 1 per kg.

Gaddh is, however, aiming for the sky. He has set a high target next year — 25,000 kg per day. His mission: "I want to supply good ice at every soda shop in Delhi. Primarily for the common man."

Gaddh's next product may not, however, be for the common man. It's tomato ketchup.

FIRED BY MODERNISATION

The heat isn't quite off, but excitement is building up over the coming changes in the demand for refractory items in the wake of the modernisation efforts of the steel and cement industries.

The rat race has already begun. A number of refractory units have roped in Japanese, West German and UK collaborators to upgrade technologies. The latest to join the fray is the Khaitan group (not the Khaitan Fans group), a Rs 100-crore-plus Calcutta-based industrial house with extensive business interests in mining, electricals, refractories and engineering.


KHAITAN IS OPTIMISTIC ABOUT REFRACTORIES

Green signal. The group's unit, Khaitan Hostombe Spinels Ltd. (KHSL), was known as Khaitan Refractories Ltd. (KRL) in its earlier incarnation before the association with R. Hostombe Ltd. of the UK began. It is now embarking on a Rs 20 crore expansion-cum-diversification project to manufacture special dead burnt magnesite and simultan clinker in rotary kilns.

A Rs 118 crore export-oriented refractory project, which has just received the green signal from the cabinet committee on economic affairs, is also on the anvil. The project is now being appraised by a consortium of international financial institutions.

A brief digression on KRL is in order here. The company, incorporated as a private limited company in 1984, subsequently went public. Its existing manufacturing activities include a plant at Tanakpur in Uttar Pradesh with an installed capacity of 5,000 tonnes of dead burnt magnesite using vertical kilns for calcining. The two new projects will be located adjacent to the existing unit, which reported a Rs 14 crore turnover in the nine months to December 1989.

Says A.P. Khaitan, managing director of KHSL: "The process of manufacturing special dead burnt magnesite involves crushing and grinding refractory-grade raw magnesite ore to the desired fineness and then firing it in a rotary kiln. The process of manufacturing simultan clinker is almost identical, except that chrome ore or alumina is mixed with imported caustic calcined sea water magnesia. The advantage we have is that KRL (KHSL's old name) already possesses in-house technology to manufacture these products of superior quality."

Filling the gap. Both these products are used for making high-quality refractory materials for end-use in steel and cement plants as well as other industries requiring high-temperature processes. "In other words, our final products will be inputs for refractory manufacturers," says Khaitan.

Though Khaitan's expansion programme will be completed by 1991, the bulk of his raw materials will still have to be imported. It is this gap which Khaitan wants to fill by setting up the export project which has been named Khaitan Supermag Ltd (KSL). This company is being promoted in technical and financial collaboration

with Sulzer Brothers of Switzerland.

The project, which is expected to come up around end-1991 in the Bareilly district of Uttar Pradesh, will draw its raw material from the magnesite mines owned by an associate company. Says Khaitan: "The high-quality sintered magnesite to be manufactured by the company will be boron-free and have a guaranteed minimum magnesium oxide content of 99%." In addition to manufacturing, KSL will supply raw material to KHSL.

Khaitan's optimism notwithstanding, the fact remains that the refractory industry is not going to see a jump in demand despite pressure from consumer industries to go in for hi-tech products. On the contrary, there could well be a shrinkage of overall demand even as customer preference shifts towards quality. This means, the market will be too hot for all but the fittest. The recent moves show that Khaitan is in with a chance.

FROM TRADING TO MANUFACTURE

Familiarity, they say, breeds contempt. Bangalore-based entrepreneur Arun K. Malpani may disagree. Familiarity with raw material suppliers and equally with end-users is what he is banking on for the success of Sangam Aluminium Ltd., a venture promoted jointly with Tidco (Tamil Nadu Industrial Development Corp. Ltd.) to manufacture aluminium extrusion products such as rounds, tubes, flats, solids, semi-hollow and hollow sections of various dimensions and shapes used in a variety of industries ranging from transportation to aerospace.

The Malpani group (current annual sales: over Rs 40 crores), whose flagship Mysore Construction Co. dates back to 1946, is engaged in diversified business activities: manufacture of solvent extractions and high-density polyethylene (HDPE) woven sacks, civil construction and agency arrangements with companies like Kesoram Industries and Hindalco.

The Malpanis have been consignment agents and stockists of Hindalco's aluminium and extruded products for the last 25 years. "This long association with Hindalco," says managing director Malpani, "should aid the company in obtaining relatively easy access to the raw material, aluminium ingots, especially during times of shortage." He does not see Hindalco as a competitor and would continue to represent its extrusion products even after his own Sangam Aluminium goes on stream.

MALPANI IS ON TEST

Interestingly, it was the Malpanis — not Tidco — who had the licence to put up an aluminium extrusion unit. Their original intent was to set up the project in Karnataka but had to look elsewhere because, as Arun Malpani puts it, power sanctions were not easily obtainable in Karnataka at the time and the state government, besides, was strapped for funds. Tidco, on the other hand, was more than willing to oblige.

The new project should have smooth sailing considering that the current Tidco chairman, P.V. Venkatakrishnan, also happens to be chairman of Sangam Aluminium. Being a joint sector company should also be of advantage when it comes to addressing road transport corporations — one of the customer segments of Sangam Aluminium; the interest-free sales tax deferment scheme announced by the Tamil Nadu government in April this year will make the project even more viable.

Backward-area benefits. Sangam Aluminium's 7,000-tonne plant (project cost: Rs 10.35 crores) is coming up in Kalukondapalli in Dharmapuri district. It is a 'B' category backward area and is, thus, eligible for backward-area benefits. Kalukondapalli is about 10 km from the industrial town of Hosur which itself is around 48 km from Bangalore and well connected with it.

The plant, expected to go into production in 1991-92, is scheduled to raise output progressively from 60% of installed capacity in the first year to 70% in the second and 80% in the third (or to 5,600 tonnes in quantitative terms). In cash terms, break-even is to be achieved in the first year itself and Malpani talks airily of a dividend, too. The net turnover is expected to be Rs 21 crores in the first year of operations, Rs 25 crores in the second, and Rs 28.5 crores in the third year.

For Sangam Aluminium and similar secondary producers, the sources of raw material supply — that is, aluminium ingots — are Hindalco, Balco and Indal. Currently, there are five major competitors in extrusion, including the Jindals and Bhoruka Aluminium, apart from three or four smaller manufacturers. But other secondary producers are also coming to the fore. Among them: Man

Aluminium, Century Extrusions, Progressive Aluminium, and a project in Maharashtra.

A better product mix. But Malpani is not worried. He places the supply of aluminium extrusion products in 1989 at 53,000-55,000 tonnes as against a demand of around 70,000 tonnes — and growing. Besides, the installation of a dual-tonnage compact-extrusion press imported from Clecim of France should give Sangam Aluminium the capability to turn out both thin and thicker sections, ensuring a better product-mix.

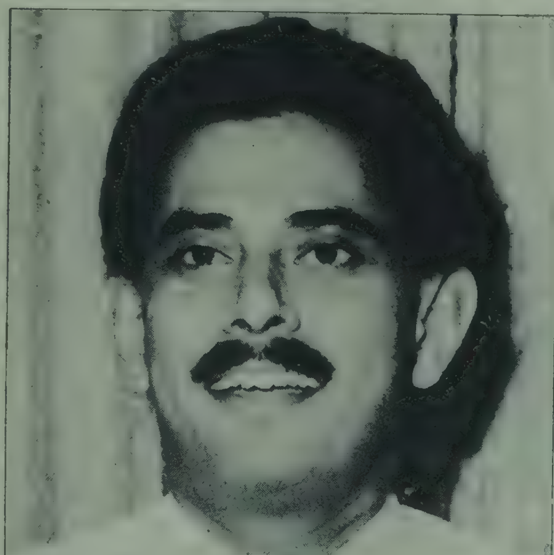
The company will be marketing its products directly to bulk consumers as well as through retail dealers and selling agents. But then, Malpani knows all about the trading end of the business. It's his manufacturing competence that will be on test.

DIVERSIFICATION BINGE

The Madras-based D.C. Kothari group, with a turnover of nearly Rs 100 crores, is slowly spreading its wings into what are uncharted areas for it. Never mind the old fiasco, and now imbroglio, over Kothari General Foods (KGF), which Brooke Bond is eyeing. With the prospects of a takeover of the ailing KGF looking more imminent, the Kotharis will be glad to pull themselves out of a quagmire and get on with the job of diversification. This time, hopefully, they'll make good.

Kothari Industrial Corp. Ltd. (KICL), the flagship of the group with interests in textiles, tea and coffee plantations spread over 3,000 acres, and a fertiliser division manufacturing superphosphate and sulphuric acid, has got into areas which are not in its traditional lines of business. Earlier this year, it hopped into the booming world of leather exports where it will be importing leather from African countries and New Zealand for processing and export to Europe.

Fiddlesticks. Says Pradip D. Kothari, the youthful vice-chairman and managing director of KICL: "There is a tremendous export potential for quality leather goods which we hope to tap. We've also tied up with South Korean and German houses for our exports." He expects leather exports to add at least another Rs 5 crores to the kitty in the current year (1990-91). That may sound like fiddlesticks, but Kothari asserts that the operation will get bigger once the company's managers get the feel of it.



KOTHARI SPREADS WINGS

Apart from the foray into leather, KICL has also made a rather stony entry into granite exports. Exports of raw granite, both black and red, have begun with the leasing of two quarries in Karnataka and Tamil Nadu. Also in the pipeline is a plan to set up a processing plant near Madras to produce 50,000 sq metres of panels and 30,000 sq metres of granite.

This again, explains Kothari, has been tied up with South Korean and German buyers. Another interesting diversification that KICL has undertaken is the manufacture, through a 100% export oriented unit (EOU), of 'Coir Plus' in a tieup with Coir Plus of Denmark. The product, to be based on coir-dust, special clay and other materials, is used as a growth medium in indoor potted plants, glass houses and nurseries. A Rs 2 crore venture, coir dust, which retains moisture to a large extent, is used widely in the arid countries of West Asia and Japan.

Splashed in black. The three diversifications are together expected to add substantially to a balance-sheet already splashed in black, thanks partly to the sale of the loss-making caustic soda and chlorine unit to A.C. Muthiah of Spic and the strengthening of the existing business lines. The figures speak for themselves. Turnover for the year ended 31 March 1990 is Rs 55.50 crores compared to the previous year's Rs 38.12 crores. Profit before tax has shot up to Rs 5.75 crores from Rs 1.53 crores in the previous year.

The latest venture to come into the Kothari fold is a joint venture between KICL and Dalal Consultants and Engineers Ltd. to provide engineering and project management consultancy services in the south. Explains Kothari, "There has been a long felt need for this kind of expertise in the south and with Dalal's and our experience we can do wonders."

The joint venture, to be called Kothari Dalal Consultants Pvt. Ltd., has bagged an Oil & Natural Gas Commission contract for environmental protection in the Narimanam gasfield (offshore Cauvery) and another for a lube additives project for Madras Refineries Ltd. With wide-ranging consultancy services and turnkey engineering services on offer — from man-made fibres to drugs and pharmaceuticals — it looks like Kothari has it all sewed up. Finally.

(Contributed by Sujoy Gupta, Srinivas Vijay, Ashoke Laha, N. Raghavan & Vinay Kamath.)

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CENTURY

THE TAU & GOVERNMENT

Among the skills in the politician's armoury, an ability to survive is arguably the most developed, and seldom has this been demonstrated more vividly than in the ongoing Meham crisis. Adroit footwork of a sort has enabled V.P. Singh to jettison Om Prakash Chautala at least for the time being, and keep his motley crew of followers together in the semblance of a government. Yet, to survive is one thing, to do so with a greatly diminished credibility is quite another. For what has been openly displayed for the entire nation to see is the extent to which the government is subject to the dictates of its self-styled deputy prime minister. True, the Haryana leader allowed himself to be persuaded on the Chautala issue largely in response to urgent pleas from L.K. Advani and Chandra Shekhar. But he did this in the role of someone who had the choice of wrecking the Front, or of enabling it to prolong its indeterminate existence.

Devi Lal opted for the latter because it was clearly in his interest to emerge from the fracas as a "loyal" member of the Front who saved it from the consequences of the crisis he himself had created. In the earlier Meham affair, he had exposed the political affairs committee to ridicule. On the "election" of an interim party president he had openly and successfully deployed his political clout. And in this latest episode in the Haryana saga we have had the spectacle of the entire Front greatly obligated to him for enabling it to survive. It is in a feeble bid to conceal these unpalatable truths that the entire affair has been clothed in the rhetoric of a "commitment to value-based politics," and Chautala and Devi Lal are represented as "heroes" to whom we are indebted for upholding democratic "norms."

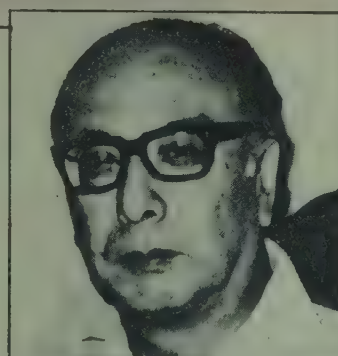
IRRECONCILABLE ELEMENTS

This camouflage, of course, deceives no one but it does underline the point that whereas V.P. Singh and his tribe are in need of a cover-up to retain a hold on his "image," Devi Lal has no patience with it and has done us the inestimable service of revealing what unabashed politicking can mean in the Indian context. This mix of V.P. Singh's equivocation and the Devi Lal brand of unscrupulous tactics is at the heart of the political gallimaufry presently masquerading as a government.

Rajiv Gandhi has good reason to congratulate himself on the obsessive fear the Congress (I) is able to generate within the Front so many months after his electoral defeat. All politicians are programmed instinctively to stay on in office, but the credibility for this must have a positive base somewhere and not entirely a negative one. Yet, the pressures released by Devi Lal's personal ambitions have brought out the Front's internal inconsistencies in high relief, underlining the extent to which it is dependent on the Haryana leader. These add up to a reality that cannot be evaded by the claim that the PM's "moral authority" has been restored, or that Devi Lal has been "contained." Neither is true for, as the dust settles, it is evident that Devi Lal remains very much the final word in Haryana and almost that at the Centre also.

All this is not a rejection but a vindication of the Devi Lal style, as was quite convincingly shown in the way S.R. Bommai was elevated to the position of interim president. A party supposedly dedicated to "inner democracy" and "openness" arranges for an "election" the outcome of which is not determined by a free exercise of the vote but by the manipulative pressures orchestrated by the Haryana leader in defiance of the PM himself. But the larger truth deeply embedded in this sorry affair is that while the V.P. Singh pretence of "openness" is dishonest, the Devi Lal variety of manipulative politics has an unabashed honesty of its own. Meham, looked at steadily, can be seen as an illustration of the depths to which the electoral process can be degraded, and also of the further truth that in every other constituency in the country there is a potential that relates it to Meham and all it has come to symbolise.

The Meham scandal has highlighted one fact: Devi Lal is very much the final word, both in Haryana and at the Centre



This problem, in fact, is beyond V.P. Singh's capacity to solve. Yet the entire charade of Chautala's resignation, of supposedly putting Devi Lal in his place, of upholding value-based politics and of having managed a crisis successfully has had the effect of a cover-up, a refusal to acknowledge the widening discrepancy between the system and the things that are done in its name.

The PM claims that he will not hesitate to sacrifice the government for a principle but that is precisely what he has done in the megalomaniac concern with keeping Rajiv Gandhi away. Not that the restoration of the Congress (I) will add any lustre to a system which has ceased to have any relevance. But what V.P. Singh can be charged with is that he has saddled the nation with a situation in which Devi Lal can re-enact Meham in many variations. For there is little to suggest that he has been deflated or that he thinks any less of his politicking on which he has done so well so far. The extent of the support he has within the Front is unknown and remains all the more formidable for not having been tested. It looms like a nightmare over the Front, to which V.P. Singh prefers to close his eyes. But it has also been gratuitously foisted on the nation, an incubus the Front is unable or reluctant to shake off and to which the country is condemned so long as the Front remains in office in the manner of the much-quoted limpet.

■ *N.J. Nanporia*

The author is a former editor of The Statesman *and* The Times of India.

SUGAR INDUSTRY

NOT SO SWEET

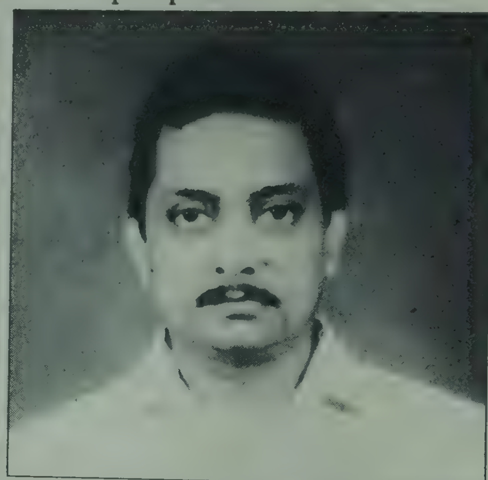
Things are becoming even more sour for the sugar industry. Prime minister V.P. Singh has been cracking the whip and insisting that producers peg prices. But, says the industry, that way lies disaster. According to the Indian Sugar Mills Association (ISMA), 50% of the industry has not been able to recover production costs this year as sugar prices in the open market, however high, are not enough to keep the industry afloat. "If the sugar industry is forced to sell at reduced prices, it will be heading for disaster," says ISMA secretary general S.L. Jain.

That's not really true of the entire industry. The mills in south India, for instance, have been in fine lick; their gross profit margins have spurted in the past two years. For example, the margin of Aruna Sugar increased from 6% in 1986-87 (year ending September) to 8.9% in the 18 months ended 1987-89. For Bannari Amman, the margin shot up from 13.4% to 27% in the same period. For Ponni Sugars the rise was from 15.7% to 18.2% and for Sakthi Sugars from 5.3% to 21.9%.

Difficult time. Jain, however, dismisses this as a southern phenomenon. "It is an accepted fact that mills in Tamil Nadu are doing well." The reason is that most sugar companies in the south are new plants and enjoy incentives such as permission to sell their entire output as free sale sugar. "Everywhere else, mills are in a bad shape," says Jain.

Wrong, again. The north India-based mills of Oswal and Shriram also have been raking in the moolah. Jain, however, says that barring a few big guns the rest of the industry is facing difficult times.

More so this year. The industry has suffered badly in the first six months of 1989-90, beginning October. ISMA claims that the industry is losing about Rs 94 per quintal of sugar. How? For this year, the average cost of production is Rs 675 per quintal. 45% of the output is sold as levy sugar to the government at Rs 500 per quintal (the government sells it through the public distribution system at Rs 516 per quintal). The loss incurred from the sale of levy sugar is usually compensated by the remaining 55% free sale sugar. To break even, the ex-factory price of free sale sugar ought to be Rs 834 per quintal. But this year, to the dismay of sugar manufacturers, the market realisation has been only between Rs 740 and Rs 750 per quintal.



JAIN FORSEES INDUSTRY DISASTER

Contrast this to the situation last year: breakeven point was Rs 660 per quintal of free sale sugar. Market realisation was just about that. Moreover, some 15% of the unsold free sale stock was sold to the government at Rs 775 per quintal.

How did the situation come to such a pass? Answer: an unprecedented 33% hike in state advised sugarcane prices to Rs 39 per quintal — a government sop to appease cane growers. With the mills footing the bill, the arithmetic has gone all awry.

Rough weather. Maybe Jain is playing it up a bit. But it cannot be denied that the industry could find itself in rough weather if the government persists in its efforts to smother free sale sugar prices. What then is the solution? Simple, says Jain. "Allow market forces to operate." Sounds fine; but what if prices soar?

"So what, the heavens won't fall," says Jain. "Even if the price of free sale sugar rises to about Rs 20 per kg, there will be no uproar from the consumers." That seems unreasonable but Jain has some reasons. According to him, 75% of free sale sugar goes to bulk consumers. The other 25% goes to the affluent who can well pay a higher price.

This logic does not appeal. But Jain does not really expect sugar prices to shoot up if the government stops trying to control them. For one, output is up: the industry is hopeful of achieving a record 107 lakh tonnes production this year. Till April-end, the production had touched 98 lakh tonnes compared to 84.3 lakh tonnes at the same time last year.

But ISMA may have some grounds for appealing for a higher price. According to its estimates, the average price of sugar in India at Rs 6.72 per kg is substantially lower than the prices, Rs 15-25, prevailing in neighbouring countries. Further, the annual price rise during the past 10 years in the case of sugar has been only 5.8% as against 20.9% for tea, 15% for pulses, vegetable and fruits, 10.2% for edible oils, 9.7% for rice and 8.9% for all other commodities taken together.

But if industry has been expecting the government to allow a price increase, the latter has a grouse on that count too. "Obviously, there was some hoarding at some level (either traders or producers) in the anticipation of a price hike," says B.B. Mahajan, food and civil supplies secretary. One of the reasons for the proposed clamp down, he says, is to force industry to surrender their unreleased stocks of free sale sugar. When that is achieved, there could be some rethinking. "We are examining the issue," says Mahajan.

Jain, meanwhile, sounds a warning. "If the government plays with sugar prices, it will only be playing with fire." There are obviously going to be a lot of heated exchanges before peace dawns on this front.

■ *Srinivas Vijay*

INDIAN AIRLINES

EXIT AIRBUS?

For the European consortium Airbus Industrie, 14 February will be a day difficult to forget. For on that day this year, the ill-fated Indian Airlines (IA) A-320 Airbus aircraft crashed at Bangalore. And that mishap marked the end of a long honeymoon Airbus was enjoying in India ever since the Rajiv era. The crash dashed Airbus' dreams of spreading its wings in the country.

The first blow came when the civil aviation ministry decided to ground the fleet of 14 A-320s just five days after the crash. Next, followed a court of inquiry, to investigate the cause of the crash.

Adding insult to injury was the allegation by the ruling party that the A-320 deal was rushed through in great haste and that the previous government had received kickbacks for pushing it through. The National Front government lodged an FIR (first information report) last month charging some officials of the previous aviation ministry for their dubious role in the deal. And the Central Bureau of Investigation (CBI) was asked to investigate the matter, imparting to the deal all the trappings of a Bofors.

The Rajiv link. To make matters worse for Airbus, a newspaper report published a crucial note that suggested that the deal was directly cleared by Rajiv Gandhi's office when he was prime minister. Not only that. Besmirching the affair further was a disclosure by civil aviation minister Arif Mohammed Khan that a crucial file concerning the deal was missing.

And finally, the government, after dithering for over three months, finally declared in May that it would not allow IA to fly the A-320s till the final report of the court of inquiry headed by a high court judge was ready. Meanwhile, a committee headed by air vice-marshal Shashi Ramdas submitted its interim report on 5 March favouring the phased reintroduction of the Airbus. (The Ramdas committee was set up immediately after the crash to go into the preparedness of IA to operate A-320s.)

But having cut the Gordian knot, the government was in no mood to relent. Khan, instead sent copies of the report to all cabinet ministers.

Perhaps, the last straw was the cabinet decision to allow the sale and lease of IA's fleet of A-320s to foreign bidders. Of the 18 A-320s it had ordered, IA has decided to lease the 14 aircraft in hand and sell the remaining, which are yet to be delivered.

Needle of suspicion. "It is a political decision," says an ex-senior official of Indian Airlines who prefers anonymity. Says he: "The government wants to prove that the Airbus deal was shady. And it will go to any lengths to prove the previous government guilty. The needle of suspicion will be pointed at every deal associated with the earlier government. The government wants to see the back of Airbus as soon as possible for the simple reason that the deal was struck by the previous government." Asks he: "Otherwise, how does one explain the fact that the government and not IA has taken all the decisions after the crash regarding the fate of the A-320s?"

THE A-320'S HIGH-FLYING DAYS IN INDIA SEEM TO BE OVER

But in its zeal to expose the "kickbacks" in the deal, the government runs the risk of overkill which could amount to tearing Airbus' reputation to shreds. The contention offered by the government seems to be: passenger safety first, then everything else. Till the court gives its ruling, no way will the A-320s fly.

It is widely felt that government stretched its humanitarian act a bit too far by dithering on the decision to fly the aircraft again. Result: IA's capacity has dwindled by 30%. And that has translated into a weekly loss of Rs 2.5 crores since the day the services of the A-320s were suspended. Therefore, to save IA from sinking, and to save its own face, the government gave the go-ahead for the sale and lease of the aircraft.

But selling and leasing might not be that easy. There are a few questions which do not have ready answers. First, the tenure of the lease. Says R. Pashupathy, advisor to the CMD, Indian Airlines: "The government wants the leasing arrangement for a minimum of six months." That's fine, but it is a matter of speculation whether there will be any takers for such short-term leases. A period of six months is quite nebulous.

No truck with Airbus. There's another theory. Perhaps the government is expecting the decision of the court of enquiry (although supposed to be out by June) only in another six months and is hoping that the CBI inquiry will expose the deal before that. To put it simply: the government could be getting ready to blacklist Airbus. The proposed sale of four A-320s (mentioned earlier) could be the first definite signal that in future the government wants to have no truck with Airbus Industrie.

IA's chairman-cum-managing director P.C. Sen says already a few "unsolicited offers" are trickling in but refuses to divulge the names. It is also learnt that IA will shortly be floating global tenders for leasing and selling the aircraft. A five-member committee led by the joint secretary of the civil aviation ministry, has been set up to negotiate with foreign buyers. There's another detail: the government has directed IA to sell the aircraft (price: about Rs 60 crores) at a premium.

That might not be difficult. What with the prevailing shortage in the international aircraft market and the fact that most of the big aircraft manufacturers in the world have their order-books full for the next three years. Already there are reports that among the offers for taking the A-320s on lease was one from Guiness Peat Avia-

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tion (GPA) of Ireland, one of the largest aircraft leasing companies in the world, and the US-based International Lease Finance Corp.

But the problems crop up on a different front. IA's A-320s may be lapped up by buyers abroad, but will the airline itself manage to acquire 14 aircraft on lease? That's the multi-crore question. CMD Sen's bullish. He says the government has allowed IA to lease a maximum of 10 aircraft. But even 10 may not be easily available given the squeeze in the international market. Unless of course, the airline pays through the nose.

All considered, the crunch seems around the corner for IA: a truncated fleet at a time when passenger growth rate is a healthy 10-11% a year. That's one part of the problem, though. There's more. Pilots. With the grounding of the A-320s, 150 specialist pilots have been left twiddling their thumbs. True, they could be retrained to fly other aircraft but that means expenses.

"Conversion of pilots could entail expenses running into lakhs," says an IA source. And that's not all. Adding to the costs would be the expenses on retraining engineers, technical personnel and other staff.

No answers. Such irritants apart, there's a key question which rankles. If the A-320s are bad for India, how can they be good for others? The government has no answers. Indeed, with the crash-enquiry proceedings till date pointing to pilot error as the cause, the government's motives for grounding the aircraft seem clear. "Building up a case against Airbus seems more important," says the ex-IA official quoted earlier.

There's a flip side to this curious tale. And that's where US giant Boeing comes in. With the curtains down on the Airbus honeymoon, Boeing's star is on the ascendant. And though Boeing, like Airbus, has orders full to the brim for the next four-five years, no prizes for guessing that it's already trying to get into India edgeways.

Meanwhile, speculation is rife about the future of Airbus in India. A-320 or no A-320. The government has asked the company to postpone delivery of the remaining aircraft (orders were placed in mid-1989). Is that a precursor to a cancellation? If that happens, it could signal the end of Airbus' tenure in India.

■ *Srinivas Vijay*

OPINION

Will Indian executives or businessmen fly on the A-320 tomorrow if it's pressed into service? Yes, they will. A large 70% of them quite readily. A more skeptical 21% will wait for some time before they board the bus. Only a diehard 9% state they will never step into them. A quick survey by market research agency Mode over 267corporate executives and businessmen in five cities, all of whom fly at least once a month, provides these answers.

The survey throws up interesting facts. Clearly, the majority (57%) feel that the suspension of A-320 flights was warranted. Surprisingly, 39% felt it was not necessary.

On another issue, there was general agreement that the airline industry in India should be privatised.

As the answers to other questions asked show, it is time for Indian Airlines to get its house in order.

(The above opinion poll has been conducted by Mode, a Calcutta-headquartered market research agency. Similar polls on subjects of business interest will be conducted once a month.)

AS AND WHEN A-320 FLIGHTS ARE RESUMED WILL YOU FLY ON THEM OR NOT?

(figures in %)	All	Bom	Cal	Del	Mad	Bang
Never fly them	9	9	5	11	12	6
Wait for sometime	21	25	20	16	23	19
Will readily fly	70	64	73	71	65	75
Don't know	1	2	2	2	0	0
Base (nos)	267	53	55	55	52	52

DO YOU FEEL THE SUSPENSION OF A-320 FLIGHTS WAS WARRANTED?

(figures in %)	All	Bom	Cal	Del	Mad	Bang
Yes	57	51	56	47	65	65
No	39	40	44	45	35	33
Can't say	4	9	0	7	0	2
Base (nos)	267	53	55	55	52	52

SHOULD THE A-320 FLIGHTS BE RESUMED?

(figures in %)	All	Bom	Cal	Del	Mad	Bang
Yes	63	68	76	64	50	58
No	33	25	24	29	48	42
Can't say	3	8	0	7	2	0
Base (nos)	267	53	55	55	52	52

MOST IMPORTANT REASON FOR RECOMMENDING NON RESUMPTION OF A-320 FLIGHTS

(figures in %)	All	Bom	Cal	Del	Mad	Bang
Aircraft has faulty design	38	23	16	44	32	64
Not suitable for Indian climate	4	8	8	6	0	5
IA is not competent to maintain	18	23	16	19	12	0
Indian pilots not competent to fly	24	23	31	25	16	23
Others	16	23	29	6	40	8
Base (those saying no to resumption)	89	13	13	16	25	22

DO YOU FEEL THAT THE AIRLINE INDUSTRY IN INDIA SHOULD BE PRIVATISED?

(figures in %)	All	Bom	Cal	Del	Mad	Bang
Yes	89	92	84	85	87	96
No	11	8	16	15	13	4
Can't say	0	0	0	0	0	0
Base(nos)	267	53	55	55	52	52

RATING OF INDIAN AIRLINES VS. ANY PRIVATE AIRLINE: WHICH IS BETTER

All 5 cities (%)	Private airlines	IA	Same	Can't say
Overall	81	13	4	3
Punctuality	80	9	9	2
Safety	59	22	15	3
Service to passengers	84	9	4	2
Service on the ground	70	17	9	3
In-flight service	81	11	6	3

WOULD YOU PREFER AIR TAXIS TO IA EVEN IF THEY WERE MORE EXPENSIVE?

(figures in %)	All	Bom	Cal	Del	Mad	Bang
Air taxi	51	53	56	44	37	63
IA	46	42	35	53	63	37
Don't know	4	6	9	4	0	0

IF THE AIR TAXI SERVICE WERE FLYING UNKNOWN AIRCRAFT, WHICH WOULD YOU CHOOSE?

(figures in %)	All	Bom	Cal	Del	Mad	Bang
Choose private air taxi	43	51	40	44	29	54
Choose Indian Airlines	54	42	60	53	71	46
Don't know	2	8	0	4	0	0

HOW RELIABLE IS THE DIRECTORATE GENERAL OF CIVIL AVIATION'S AIR WORTHINESS CERTIFICATE ?

(figures in %)	All	Bom	Cal	Del	Mad	Bang
Reliable	58	57	51	49	71	63
Not very reliable	38	34	45	45	27	37
Don't know	4	9	4	5	2	0

IF AN UNKNOWN AIRCRAFT HAD THE CERTIFICATE FROM DGCA, WOULD YOU BE READY TO FLY ON IT?

(figures in %)	All	Bom	Cal	Del	Mad	Bang
Yes	58	57	51	49	71	63
No	38	34	45	45	27	37
Can't say	4	9	4	5	2	0
Base (nos)	267	53	55	55	52	52

NEWS BRIEFS

■ The **export target** for 1990-91 has been fixed at Rs 36,000 crores by the commerce ministry as against Rs 28,025 crores in the previous year.

■ In spite of a record **foodgrain crop** of 175 million tonnes for the second year, **imports** in the season 1988-89 have gone up to 8.25 lakh tonnes from 5.87 lakh tonnes in the previous year.

■ The liberalised scheme for automatic **re-endorsement** of industrial **capacity** to maximise production will be discontinued in the eighth plan.

■ The Centre has **hiked** its contribution to the calamity relief fund from 50% to 75% in the form of **non-plan grant.**

■ The **production** of nitrogenous and phosphatic **fertilisers** during the financial year 1989-90 is estimated at 8.6 million tonnes as against the target of 9.4 million tonnes.

■ **Ship-chartering procedures** have been tightened, with shipowners being asked to furnish details of forex outgo and earnings along with their applications for permission to charter. Till now, shipowners could provide such details after the charter period, at convenience.

■ 17 schemes for **cement** production in the large sector with a total capacity of 11.45 million tonnes will be completed in the first three years of the eighth plan.

■ A uniform excise duty of 15% on both **DMT** and **PTA** was announced by finance minister Madhu Dandavate.

■ Within six months, the government will introduce a new packaging scheme in the country making it obligatory for manufacturers to print on all packages the **maximum retail price** of commodities, inclusive of all taxes, according to the food and supplies minister Nathu Ram Mirdha.

■ The department of steel has decided that main producers of steel must first deposit their contribution to the **steel development fund** (SDF). Only then will disbursements from SDF for specific purposes be made.

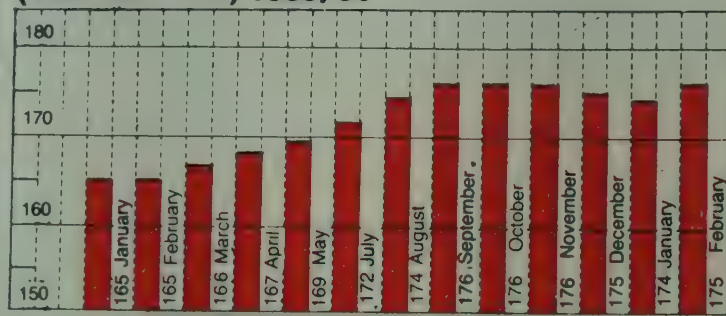
■ The Union government has announced that it will review the country's **environment policy** and laws.

Foreign Exchange Rates (Spot) 1990

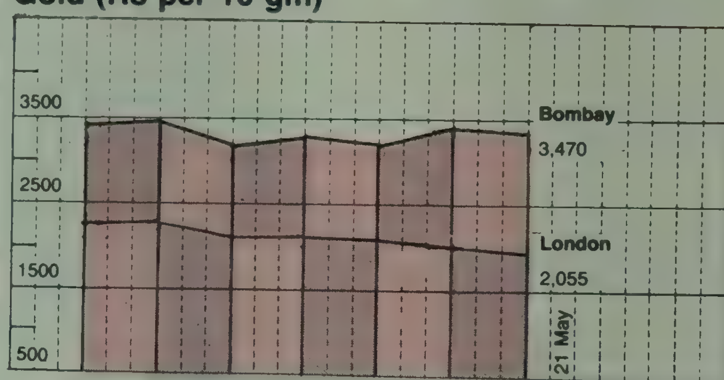
	21 May (Rs)
One P. Sterling	29.35
One US Dollar	17.29
One D.Mark	10.44
One hundred J.Yen	11.30
One Saudi Riyal	4.74
One Kuwaiti Dinar	60.56

Wholesale Price Index (1981-82=100) 1990

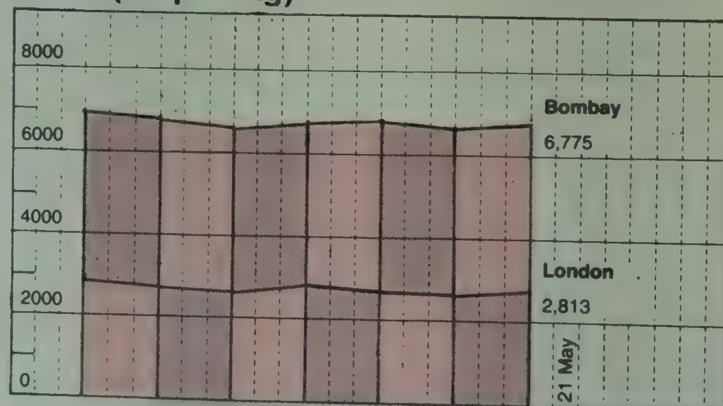
Consumer Price Index for Industrial Workers (1981-82=100) 1989/90



Gold (Rs per 10 gm)



Silver (Rs per kg)



CSO Index of Industrial Production (1980-81=100)

MALLYA SETS THE PACE

MALLYA (R) & PATIL AT THE UB HOPPECKE FOUNDATION-LAYING CEREMONY

As a non-resident Indian (NRI) he has compulsorily to spend a good number of days outside the country. But Vijay Mallya, the chairman of UB group, is always on the move for more reasons than one. His forte is getting things done and being fast on his feet helps.

Witness the UB group air-taxi service. A host of business groups were awaiting the government's go-ahead. When the nod finally came with the announcement of a new policy, UB Air was the first off the starter's block. On 20 May, the service was inaugurated by Karnataka chief minister Veerendra Patil.

That's not all. Typically using one stone to kill two birds, Mallya airdashed Patil to Mysore on UB Air's inaugural flight where the latter laid the foundation stone of UB-Hoppecke Energy Products, a Rs 30 crore project to make automotive and industrial batteries.

Mallya's stock is high in Karnataka these days. The state government has been actively seeking fresh investments and the UB group has been quick to oblige. For instance, Patil recently laid the foundation stone of another Mallya unit — a Rs 7 crore bulk drugs company at Tumkur. Says Patil: "All things being equal, we would prefer to encourage local (Karnataka) entrepreneurs. But we cannot wait endlessly for them to come forward." For the moment, then, Mallya has fitted the bill.

BEST BID

Mallya has other things on his plate too. The ailing joint sector company, Mangalore Chemicals & Fertilizers (MCF), is on the verge of landing in his lap. He appears to have pipped at the post strong contenders for the company, including EID Parry's Arunachalam and Manu Chhabria of Shaw Wallace. According to Mallya, his bid was the best of the lot and he will be talking to financial institutions who have been considering a Rs 45 crore rehabilitation package for the company.

The UB group has a letter of intent (LoI) for a naphtha cracker unit in Vizag but a change of government at the centre and the consequent rethinking on mega projects has delayed the grant of LoIs for five to six downstream units that UB has applied for. If Mallya's bid for a 24% equity stake in MCF finally goes through, it should give him some handle so far as his petrochem ambitions are concerned. In another related development, the group's Madras-based project for manufacturing propylene oxide, propylene glycol and polyether polyols is to go on stream by the end of this month.

Coming back to the batteries project, Mallya has set his sights high. "I know Chloride is No.1 in batteries in India," he says. "But, as in everything we take up, we are determined to achieve market leadership."

The collaborator for the new project is West Germany's Accumulatorenwerke Hoppecke, claimed to be a renowned name among battery manufacturers and equally known as a battery machinery manufacturer. UB-Hoppecke's equity capital will be Rs 10 crores, with the Karnataka Industrial Investment & Development Corp contributing 27%, UB group 24%, and 49% to come from financial institutions and the public. The project has been cleared by the state pollution-control board and the ecology department. It is scheduled to be completed by September 1991.

At peak working, UB-Hoppecke is expected to generate exports worth Rs 10 crores a year. The plant will directly employ 500 personnel and provide jobs indirectly to another 3,000. Incidentally, the UB group is already into battery manufacture under the aegis of UB-Mec Batteries, with units in Bangalore and Madras.

But that's the Mallya way of growth: have a lot of irons in the fire and strike with the one that's hot.

■ *N. Raghavan*

A FLY IN THE COUP

UB group chairman Vijay Mallya is nothing if not ambitious. He wouldn't like his just-launched air-taxi service — UB Air — to remain a bit player; in fact, he hates to be labelled a mere air-taxi operator.

Mallya has grandiose plans of turning UB Air into a national carrier which can teach a thing or two to Indian Airlines (IA) and Vayudoot when it comes to reliability and safety. A second Dornier is to shortly join the one in service, and by September a 100-seater British Aerospace 146 four-engine jet may join the fleet.

A catch. But there is a catch; indeed, more than one. Foreign-registered aircraft, like the ones Mallya is negotiating for as a non-resident Indian (NRI) cannot be operated in India for more than 15 days at a stretch. That means they have to be packed off at the end of the period and brought in once again. An expensive business, indeed.

Next, air-taxi operators have to shuttle endlessly between the National Airport Authority, the directorate general of civil aviation and the civil aviation ministry for various approvals. Besides this, import duty on aircraft is 18% for private operators against a mere 3% in the case of IA, Air India and Vayudoot.

Given these restrictions and the non-availability of aircraft of the right capacity (the government says the minimum should be 15 seats) and price, one wonders whether the much-touted open-sky policy is all that open.

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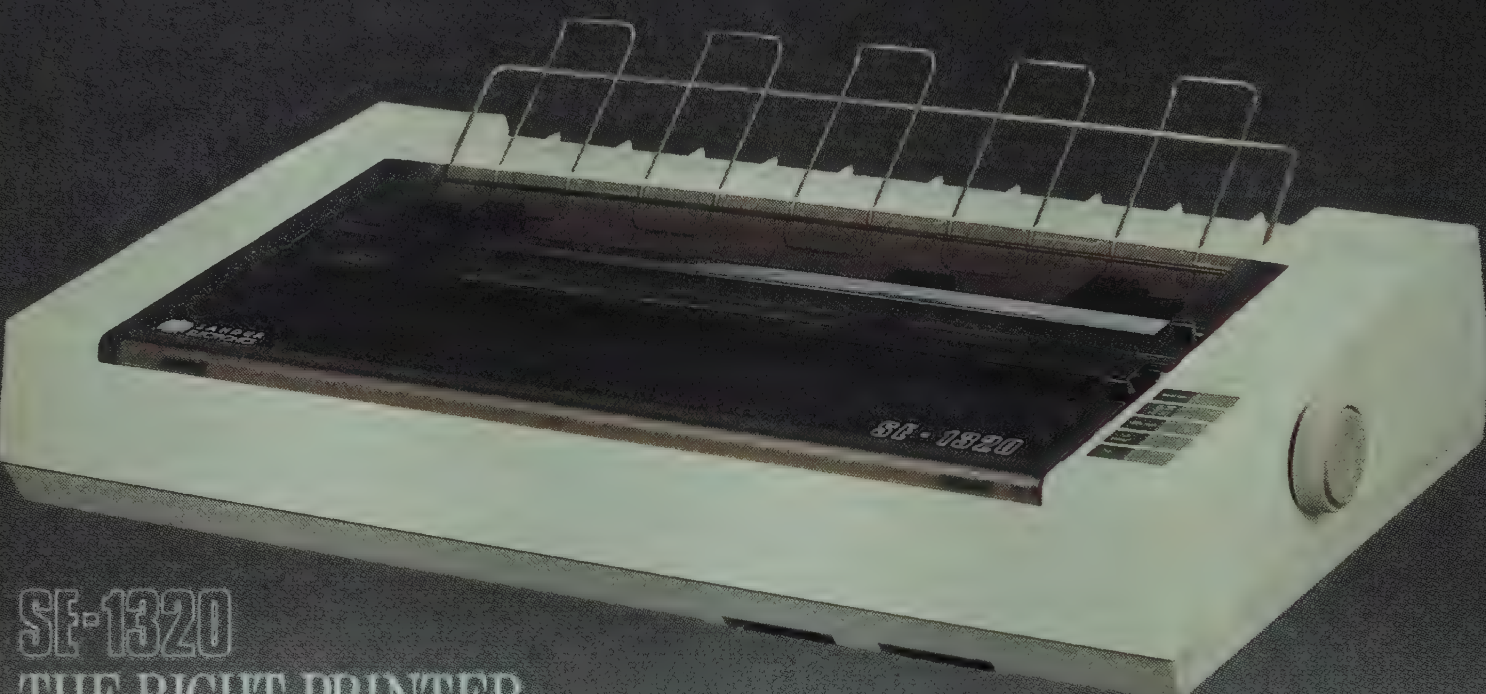

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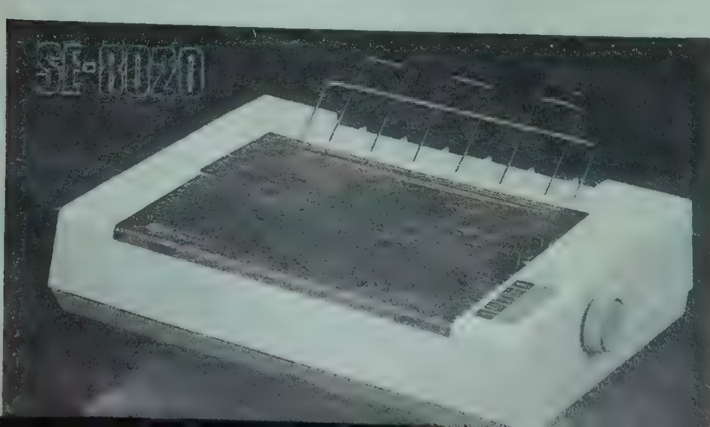

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HOW BOMBAY OIL IS MANAGING THE TRANSITION

What happens when a family-owned business burgeons into an unmanageable empire and the number of young scions impatient for action grows? Frictions, factions, discontent. It's a familiar pattern with an inevitable solution — reach for the carving knife. And, more often than not, it's preceded by a bitter battle where brothers and cousins fight it out before they split the spoils and break up into splinters. There are examples aplenty. The topdog Birlas did it. So did the Bangurs, the Modis, the Poddars, the Goenkas.

But not the Mariwalas. The who?

Despite a hoary history dating back to the 1857 mutiny, this Bombay-based family of Kutchi spice traders-turned-industrialists has always remained low profile. The talking, if any, was done by some of their not-so-low-profile products. Among them: Parachute, a hands-down leader in the branded coconut oil market with an awesome 60% share of the national market, and Saffola, a leader in the health-related edible oils segment.


THE TWO GENERATIONS OF MARIWALAS

But even as the group's 43-year-old flagship company Bombay Oil Industries purposefully strides into the big league, the publicity shy Mariwalas have begun responding to change.

NEW BUZZWORD

Change. That's the buzzword doing the rounds in the corridors of Bombay Oil's headquarters, tucked away in the congested streets near Masjid Bunder, Bombay's century-old spices trading centre. And change translates into restructuring, with the parent company spawning four new companies. It also means a transition, with one generation of Mariwalas handing over the reins of control to the second generation in a smooth, carefully-structured exercise.

In May, Bombay Oil Industries, which notched up a turnover of over Rs 105 crores in 1989-90, spawned four new companies:

- The company's consumer products division has been spun off into a separate entity — Marico Industries. It currently produces edible oils and hair oils, with plans to get into personal care and cosmetics.
- The hybrid seeds and spices division has become a new company — Epro Seeds & Oils.
- A spanking new company, Kancor Fragrances and Extracts, has been created as a joint venture between the group's Cochin-based oleoresins division and the multinational giant McCormick of the US (a *Fortune 500* company). A predominantly export-oriented unit, Kancor has a buyback arrangement for a substantial part of its output with McCormick.
- The speciality chemicals and fatty acids division stays — for the moment — as the rump Bombay Oil Industries, which will also double as the holding company for the newly-spawned outfits.

BESTSELLERS FROM BOMBAY OIL

The immediate compulsions for the reorganisation of the group are clear. "It was a logical step," says Charandas V. Mariwala, the 68-year-old patriarch and chairman of the group. Though it started out as a spices trading outfit, Bombay Oil diversified steadily. "From spices and oilseeds we went into oils. Then into chemicals, consumer products and oleoresins," says Mariwala, tracing the group's growth route. And while the company had already divisionalised its activities some years back to cope with diverse businesses, three years ago it began thinking about a major restructuring. "Each of the divisions was becoming highly specialised and each of them was a different ballpark. We realised that the skills required for managing each of them would be different," says Charandas.

Their needs, too, were different.

BOMBAY OIL'S BHANDUP FACTORY. INSET: KISHORE MARIWALA

Says Kishore V. Mariwala, youngest of the four older generation brothers: "Each division has different requirements in terms of capital. Take, for example, the chemicals division (which Kishore heads). It is more capital-intensive than, say, the consumer products division. Again, the accent in the chemicals business is on technology, while the consumer products business is more marketing oriented."

FAMILY COMPULSIONS

But there were family compulsions as well. Till around six years back, the scenario was simple and uncomplicated: the four Mariwala brothers representing the older generation (see family tree) — Charandas, Hansraj, Jayasinh and Kishore — were at the helm of the company, while the second generation, comprising their eight sons, was still studying, mostly abroad. "But as soon as the older boys were ready to get into the business, we realised that we'd have to plan for the future," explains Jayasinh Mariwala.

It was not merely a question of inducting the youngsters into business. The group recognised that the second generation Mariwalas were qualitatively different from their fathers and uncles since most of them were qualified professionals — some with foreign degrees to boot.

That's where the Mariwala management strategy came into play. A strategy which combined two objectives into one: an induction programme for the younger Mariwalas and a restructuring programme for the group's activities, both dovetailing into a composite plan.

It wasn't hatched overnight. It took three years of brainstorming, "and that included a close look at other family businesses in the country, their problems and pitfalls," recalls Jayasinh. The basic principles underlying the induction-cum-restructuring programme were simple: each business activity would be headed by just one member of the Mariwala family, and he would be groomed to assume the chief executive's role. The rest of the key management positions would be manned by professionals.

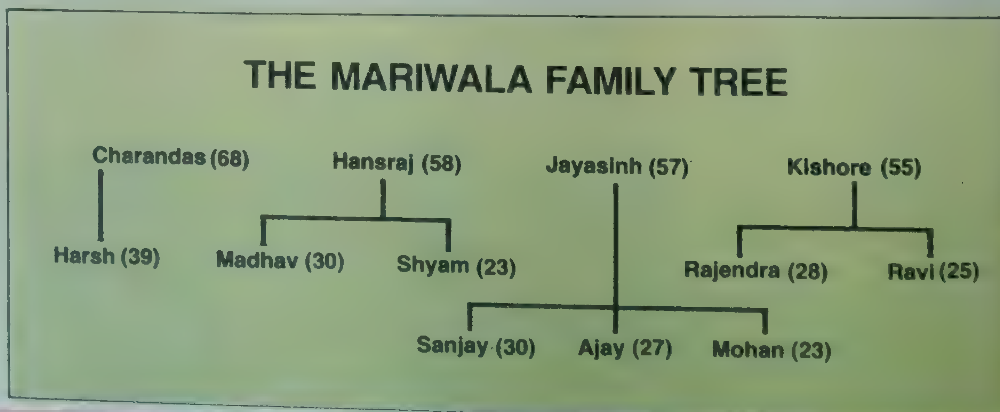
But it isn't the Mariwala surname alone that carries young 'uns to the top. Every family inductee has to go through a rigorous two-year programme spanning stints in all the different businesses of the group before he opts for his company of choice. And that's not all. Until a new entrant is at least 30 years old, he doesn't get to head any operation.

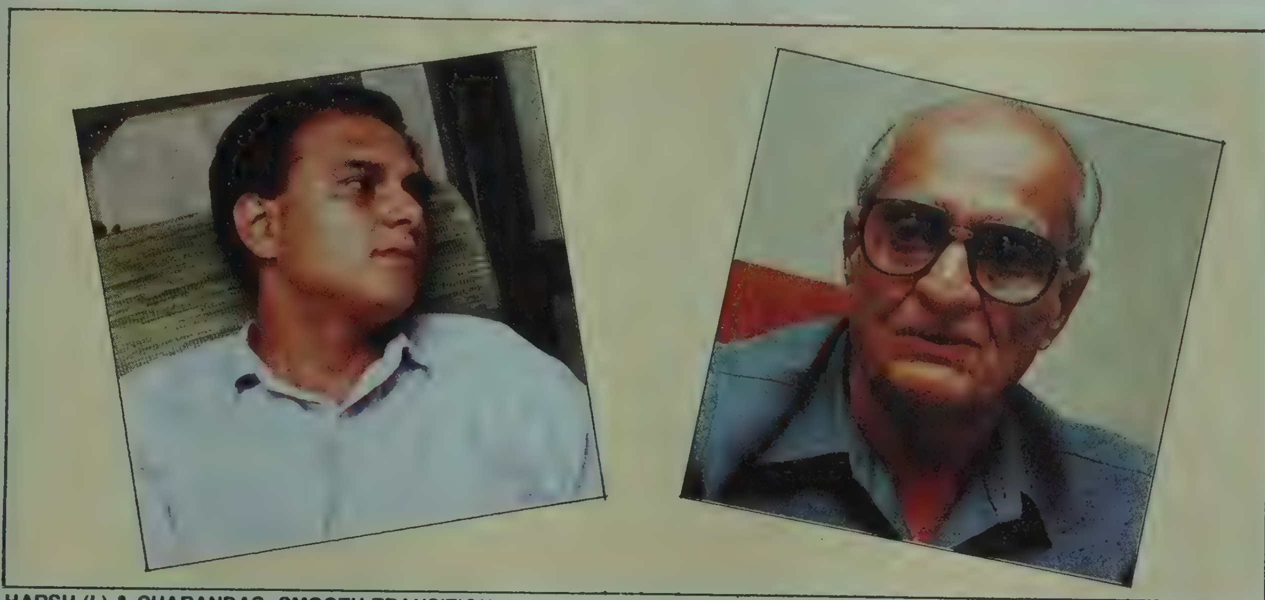
So far so good, but isn't there a numbers problem? The present restructuring creates four new companies, but the second generation of Mariwalas already adds up to twice that number. How does the group's strategy take care of that? Answers Jayasinh: "There are several possibilities and the family's master plan has taken care of them." The group's strategy doesn't restrict diversification to just the four different areas that it has got into. "If a youngster wants to get into other areas," says Kishore, "the family gives him all the encouragement." In fact, the family provides seed capital for the younger ones to invest in new projects.

WORKING STRATEGY

Thus far, strategy seems to be working. Five new generation Mariwalas have already been inducted into business and one of them heads his own company — Marico Industries, the consumer products outfit. Says 39-year-old Harsh, the eldest of the second generation Mariwalas and who is also on the board of the holding company Bombay Oil Industries: "Restructuring has meant advantages on several counts. Take policy matters, for example. There's total independence for each new company now." Total independence means autonomy for hiring professionals, taking business decisions and freedom to build different cultures in each company.

But the single most striking feature of the Mariwala restructuring has been its painlessness. "It has reduced the





HARSH (L) & CHARANDAS: SMOOTH TRANSITION

chances of conflict between family members," claims Harsh, "but more important than that, it has meant a good blend of independence and togetherness."

The future will see how much of togetherness and how much of independence the Mariwalas cherish. The current consensus is to retain Bombay Oil Industries, a closely-held holding company, as it is and have a common board for all the four new companies spawned. But expansion may bring its own pressures. Admits patriarch Charandas: "If any of the businesses need to generate fresh investments for capital-intensive investments, they can go public." It may then become difficult to retain a common board for all the four different companies.

In the aftermath of restructuring, the group's expansion plans already appear to be moving into high gear. Take the Rs 10 crore joint venture with McCormick. Though the Mariwalas have been associated with McCormick since the fifties (as trading partners), it was only recently that the $1.26 billion US giant got interested in a joint venture for manufacturing oleoresins in India. "In fact," says Charandas, "McCormick has decided to close down its oleoresins outfit in Singapore after it opted to tie up with us."

The joint venture with McCormick may well be the beginning of bigger things for Bombay Oil. Says Jayasinh: "We could have access to McCormick's latest food technology for flavours, compounds and seasonings. And that's going to be a high growth area in India in the years to come."

On the consumer products front too, things are beginning to move faster. While the company has consolidated its presence in the coconut oil and healthcare-related edible oils market with Parachute and Saffola, Marico's CEO Harsh has a few more aces up his sleeve. "We're going to launch a range of products," says he. What products? He's not telling, but they'll be in areas related to the company's existing businesses.

The action's on in chemicals as well. While Bombay Oil is already into a whole big range of speciality chemicals, supplying to manufacturers like Indian Petrochemicals Corp. Ltd. (IPCL), Pfizer and Cyanamid, plans are afoot to go up on the technology scale. Says Kishore, who handles the division: "Our accent is clearly on high technology chemicals." The company has already acquired the Pune-based Hindustan Polyamides & Fibres to supplement the efforts of its Bhandup plant.

Even as Bombay Oil sets about building up four new corporate entities — each with its own distinct culture, policy and credo — the basic lesson is clear: there are solutions other than splitting even for family businesses. In the Mariwala case, early anticipation of potential problems was the key. Admits one senior Mariwala: "Five years ago, we took a look at India's famous family businesses. And what we saw really frightened us. We didn't want the same thing to happen to us."

It probably won't.

■ *Sanjoy Narayan*

BOMBAY OIL'S GROWTH TRACK

- **1857:** Kanji Morarjee, grand-uncle of present group patriarch Charandas Mariwala, starts trading in spices.
- **1930:** Morarjee's firm begins exporting spices.
- **1936:** The first diversification — a copra mill — is set up in South India.
- **1940:** Kanji Morarjee becomes one of the world's largest spice traders.
- **1947:** Bombay Oil Industries is set up for crushing and refining oil.
- **1948:** The Mariwalas become members of American Spice Traders Association.
- **1951:** The Mariwalas become pioneers in trading with the Soviet Union, with the latter paying in hard currency!
- **1959:** Bombay Oil introduces the first branded heart care-related edible oil, Saffola.
- **1965:** Parachute, the company's branded coconut oil, makes a debut in retail packs.
- **1971:** The company diversifies into oleoresin manufacture and oil extracts.
- **1975-80:** Bombay Oil's Saffola and Parachute brands emerge as market leaders.
- **1989-90:** The group decides to restructure operations and spawn four new companies.
- **1990:** A tieup is signed with US giant McCormick. Restructuring of the company is implemented.
- **1990:** Bombay Oil's group turnover crosses Rs 100 crores.

THE MEGAPROJECTS

Some of the giant megabuck ventures of the private sector may not take off in the eighth plan

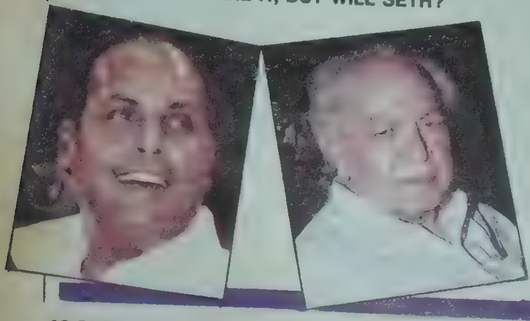
The sums involved are mind-boggling: around Rs 20,000 crores, enough to cover the 1990-91 Union budget deficit two-and-a-half times over. The names involved are top-drawer: Birla, Tata, Ambani, Goenka, Mafatlal, Singhania, Oswal, Ruia, Muthiah and Mallya, among others. And the industrial sectors involved are all sunrise, at least in the Indian context: oil and petrochemicals, gas and fertiliser, sponge iron and steel.

But thus far, big names and big money have totted up to little more than a mouse. Not only are most of the megaprojects sanctioned to private and public sector industry over the last 18 months glued to the starting post, but there is now a real possibility that some of the runners may refuse to run the race at all. Unless...

- Government policies, especially in the refinery and petrochemicals sectors, are clearly enunciated. Says one industrialist who has three megaprojects at stake: "There are two schools of thought in government: one, that these megaprojects should be scrapped since the country can't afford to finance them; and another, that they should come up as fast as possible so that the country can save on costly imports in these areas."
- The government's power to delay clearances is not used as a handy tool to beat out-of-favour industrialists with. The Ambanis, for example, have a letter of intent for a 100% export-oriented unit (EOU) to manufacture purified terephthalic acid (PTA), a key polyester fibre input. But the finance ministry is sitting on it apparently because it wants some kind of clearance from the Monopolies & Restrictive Trade Practices Commission. An MRTP clearance for an export project?

Of the dozen-and-a-half megaprojects granted provisional clearances in 1989 or before, the vast majority of them were petrochemical ones — gas/naphtha crackers and downstream projects among them. These are the projects with great uncertainties.

AMBANI MAY MAKE IT, BUT WILL SETH?



Why? Obvious reason: these are the most politically loaded ones since letters of intent were showered like confetti on friendly industrialists during the last days of the Rajiv Raj last year. Less obvious reason: clearing all of them at one go could spell disaster for all of them since installed capacities could outstrip demand by a mile.

For example, if all the gas and naphtha crackers (4 lakh tonnes per annum — tpa — each) came on stream during the eighth plan itself, the total additional ethylene supply by 1995 would be close to 20 lakh tpa against estimated demand of 13.71 lakh tpa. Add the existing capacity of 8.1 lakh tpa, and glut is the only word to describe the situation.

As of now, therefore, the only private sector integrated petrochemical project that may open up for business during the eighth plan (1990-95) is the Ambanis' gas cracker and downstream projects at Hazira in Gujarat. And, perhaps, the Gas Authority of India's Auriya (Uttar Pradesh) gas cracker and Nocil's expansion project in Bombay, if it overcomes all environmental hurdles.

All other projects, including Darbari Seth's Haldia Petrochemicals, Vijay Mallya's Visakhapatnam naphtha cracker, the Indian Petrochemicals Corporation Ltd's (IPCL's) Gandhar (Gujarat) cracker, as well as R.P. Goenka's Madras-based, export-oriented unit are likely to be in limbo till the ninth plan. Given below is a status report on all the megaprojects and an assessment of the hurdles before them. The information has been obtained from the companies themselves and from external sources.

Perhaps the best placed among petrochemical projects is **Reliance Petrochemicals Ltd's** (RPL's) Hazira project to produce 1 lakh tonnes per annum of polyvinyl chioride (PVC), 1 lakh tpa of monoethylene glycol (Meg) and 1.6 lakh tpa of high-density polyethylene (HDPE). "We expect to commission the project on schedule, by end-1990, or latest by the first quarter of 1991," says Anil Ambani, an RPL director.

The machinery has been ordered, environmental clearances obtained and the key managerial people are all in place. But costs have bloated far beyond the Rs 700 crores estimated at the time RPL went public in August 1988. The current liberal estimate: Rs 1,000 crores, though two-thirds of that is because the HDPE and Meg plants are being expanded to the new minimum economic sizes (MES) recommended by the government.

But the fate of mother company **Reliance Industries Ltd's** (RIL's) gas cracker, also at Hazira, and several other downstream ventures (synthetic rubber, styrene, polystyrene, polypropylene, butyl rubber, acrylonitrile and linear low-density polyethylene — LLDPE) is still not clear since their funding is tied up with the suppliers' credit that Larsen & Toubro (L&T) was supposed to provide. With the government elbowing Dhirubhai Ambani out of L&T, it is anybody's guess how the Rs 2,000 crore RIL projects will be funded. Anil Ambani hazards a guess: work will start by the year-end. Even so, commissioning will take another three years, perhaps leading up well into 1994, the last year of the eighth plan.

The hold-up is most extraordinary for RIL's proposed 100% EOU for producing 2.7 lakh tpa of paraxylene and 2 lakh tpa of PTA at a cost of Rs 750 crores at Dahej (Gujarat). The application has all the approvals except the finance ministry's, which is surprising since this is a foreign exchange earning project.

Similarly stuck is the R.P. Goenka group's ethylene cracker EOU with **Linde**. A Rs 1,000 crore affair, this Madras-based project is unlikely to see any start-up before 1991. Given a

three-year completion schedule, the D-day for commissioning could stretch all the way to end-1994.

And that's the optimistic scenario. Since Linde is guaranteeing the lifting of the entire production of this 4.5 lakh tpa cracker, a weakening of the ethylene export market could put paid to the whole project. That perhaps explains why the Goenkas are not fully gung-ho about it, though they have taken some preliminary steps like hiring a chief (Major-General S.C.N. Jatar as president) and half-a-dozen senior people at the vice-presidents' and general managers' levels. Land acquisition proceedings are at a very preliminary stage, the project is yet to be appraised by the institutions, and little has actually been spent on the project so far. No decision has been taken on the funding aspect either.

Ditto for Vijay Mallya's **Visakhapatnam cracker**. True, a small core group has been set up to do the spade work. The land has been earmarked and preliminary work on lining up the process collaborations has begun. "But the problem is we haven't got letters of intent for the five or six downstream projects we had applied for," says A. Swaminathan, president of the petrochem division of the UB group.

Without downstream units, a cracker is a dead duck: there will be no one to use its ethylene, propylene etc. Admits Swaminathan: "There is little point in going ahead with the cracker without downstream units."

MALLYA GAMEPLAN

The UB group's inability to get letters of intent for downstream projects is attributable to the fact that it is paddling against the political currents in Delhi. The new regime at the Centre has no love lost for Mallya. Besides, the petroleum and finance ministries are also genuinely worried about the problem of recurring imports of naphtha, the basic feedstock for the cracker.

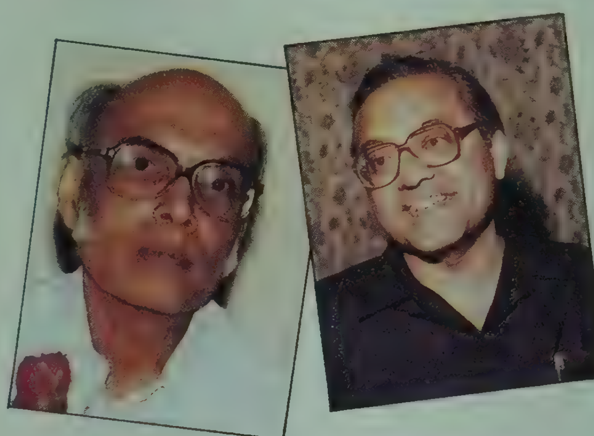
So the Mallya gameplan involves pushing ahead with the mini projects. Says Swaminathan: "The implementation of UB Petroproducts' project for the manufacture of propylene oxide, propylene glycol and polyols near Madras is on schedule and will go on stream by the end of June 1990."

The implication: as far as the eighth plan is concerned, Mallya's mega-project is off.

The same conclusion may be inescapable for Darbari Seth's **Haldia naphtha cracker** in West Bengal. Since this is a joint sector project involving the West Bengal Industrial Development Corporation (WBIDC), the delays could be compounded. Following the WBIDC's decision to ditch R.P. Goenka in favour of the 'Tata concept' of a unified cracker and downstream units complex, a new letter of intent has been applied for. That means, there will be further approvals needed: from the projects approval board and the cabinet committee on economic affairs.

None of that is going to come in a jiffy. After the approvals, a detailed project report will have to be done which could take all of 18 months. Add three-and-a-half years for the commissioning date, and Haldia looks a non-starter during the eighth plan.

According to Seth, Haldia Petrochemicals has begun vetting what the collaborators have to offer — Kellogg, Linde, Brown & Root and Lummax are some of the people who have made presentations to the company. "We have begun site surveys, and environmental studies. Trees are being planted in the adjoining areas," says Seth on the preparations.



PATWARDHAN (L) HAS POLLUTION PROBLEMS & MUTHIAH FUNDING ONES

He reckons that the Rs 3,000 crore complex will take 42 months to commission after zero-date, which could be around the end of 1990.

Another Seth project — the **Babrala** (Uttar Pradesh) **fertiliser complex** — has, however, made quite a bit of headway. Zero date was announced on 10 November 1989, and Seth hopes to do the ribbon-cutting some 42 months later, " not earlier."

The costs, though, are likely to bloat well above the original Rs 765 crore estimate, especially in view of the current slow progress. The bulk import licences have yet to be obtained, but Seth expects tenders for the machinery to be floated shortly.

Costs, however, do not seem to be worrying another fertiliser hopeful: Abhey Oswal's **Bindal Agro**, which is putting up the Shahjahanpur (Uttar Pradesh) gas-based fertiliser project. Rs 45 crores have already been spent and Oswal doesn't expect problems with cash resources despite the company's undersubscribed Rs 500 crore mega issue last year.

The project's full land requirement of 926 acres has been acquired and key project personnel — the chief executive and technical managers — have been appointed. Oswal executives talk of completing the project within the stated time and cost parameters, end-1992 and Rs 695 crores, respectively.

Down south, A.C. Muthiah's joint sector aromatics venture with Madras Refineries Ltd (MRL), one of the earliest to obtain a letter of intent (February 1987) is, however, in a spot of trouble following the recent bust-up between the Tamil Nadu government and Muthiah. Muthiah's move to raise equity capital for the aromatics venture with a rights issue by Southern Petrochemical Industries Corporation (Spic) was blocked by the Tamil Nadu Industrial Development Corp, Spic's state sector copromoter. That has stymied Muthiah's plans to raise his 26% share of the aromatics project's proposed Rs 340 crore equity.

The project, which will produce 1.36 lakh tonnes of paraxylene for conversion into 2 lakh tpa of PTA, 30,000 tpa of orthoxylene and 23,000 tpa of benzene, has seen an escalation in costs from Rs 1,350 crores to Rs 1,500 crores largely due to the government's decision to raise the minimum economic size of PTA plants to 2 lakh tpa.

Even so, the **National Aromatics & Petrochemicals Corp** (Napco), as the venture has been named, has made substantial progress. Agreements have already been reached with Mitsui for PTA technology and Universal Oil Products (UOP) for the aromatics part, and these will soon come up before the Foreign Investments Board (FIB) for approval. All environmental clearances have been obtained from the government and the Tamil Nadu Pollution Control Board, and the process of acquiring 480 acres of land

north of Madras is on. The possibility of leasing the land from the state government is also being explored.

The project is now before the Public Investments Board for clearance after which the CCEA will have a look-see. MRF expects the process to take up another four months, after which commissioning could take another 30 months. The earliest D-Day for the project thus is mid-1993. And that's if Tidco doesn't continue to thwart Muthiah over his funding proposals.

A project similar to Muthiah's, the Singhanias' **Salimpur** (Uttar Pradesh) **aromatics complex**, which will manufacture the same paraxylene, orthoxylene, benzene and PTA, appears to have made greater headway. Some 781 acres of land have been acquired, site and soil testing is over, and an environmental impact report is being submitted to the Uttar Pradesh Pollution Control Board. Technology is coming from UOP for aromatics while

GOENKA (L) & MALLYA HAVE CRACKERS BUT NO DOWNSTREAM MARKETS

arrangements are being finalised for PTA, too. The machinery orders will be placed after the government approves these plans. To be implemented by **J.K. Petrochemicals Ltd**, to which J.K. Synthetics has transferred its letter of intent, the Rs 1,250 crores (current estimate) Salimpur project is slated for completion by 1992. Only Rs 20 crores have been spent so far, but company executives expect the pace to accelerate after all the clearances are obtained. The chances are that even if the schedule is overshot, Salimpur will still make it within the eighth plan.

That, however, is not something that can be said of three other mega petrochemical projects: Nocil's expansion at Thane (Maharashtra), the Gas Authority of India Ltd's (Gail's) Auriya (Uttar Pradesh gas cracker) project, and the Indian Petrochemicals Corp's Gandhar (Gujarat) complex. The last won't make it for a simple reason: it is dependent on ONGC's own plans for exploiting the Gandhar gas field, on which there is no certainty. But Gail and Nocil are in with a chance.

Nocil certainly has a very viable plan: a Rs 2,400 crore cost estimate (lower than Darbari Seth's, and perhaps, even Reliance's), and a commitment to make the project foreign exchange-neutral with Dutch collaborator Shell committing itself to a higher equity stake in Nocil (40% vs the current 33%) and help in exports.

The only fly in the ointment is fear about its potential environmental impact. M.S. Patwardhan, Nocil's vice-chairman and managing director, is confident that the company can overcome this hurdle. A 12-month vicinity study is being conducted by Engineers India Ltd on the project's environmental impact and Nocil's fate will depend on the data from that study. "The ball's in our court till we give them (the government) the data," says Patwardhan. But he guarantees that even after the Nocil plant's capacity is expanded from its current 2.37 lakh tonnes of products to 1.39 million tpa (including a 3 lakh tpa cracker), the pollution level will be maintained at the current level in "absolute terms."

If environmentalists don't throw a spanner in the works, the remaining government approvals can be obtained presumably by the end of the year or early in 1991. In that event, Nocil's megabuck plan is on for the eighth plan.

So perhaps will be **Gail's Auriya petrochem complex**, involving both cracker and downstream projects. A Rs 2,300 crore affair, the project has initial PIB clearance, but a second approval is necessary after the detailed cost reports are drawn up. Gail chief Vineet Nayyar reckons that that stage should be reached by October this year and after that it should take four years to complete. But groundwork is still at an early stage. Rs 5 crores has been handed to the Uttar Pradesh government for acquiring land (requirement: 1,500 acres), and that's about it. Says Nayyar: "The project will be funded by internal accruals and public fixed deposits," but since Gail is a public sector undertaking, that is easier said than done. Endless hassles over funding cannot be ruled out. Thus even if all the clearances are handed out on the dot, making it within the eighth plan period will be touch and go.

As far as the two joint sector refineries are concerned — the Tatas' six-million-tonne **Karnal** one and the Birlas' three-million-tonne **Mangalore** one — there is no timeframe at all. Reason: the government is undecided on whether it should go ahead with them at all or work towards restricting the consumption of petroleum products. Recent news reports on petrol rationing suggest that the government is veering towards this view. That could put the two joint sector refineries in limbo for several years. Admits Darbari Seth: "Unfortunately, our refinery plans are bogged down." The same is the case with Aditya Birla's Mangalore refinery. His enthusiasm for the project appears to have flagged somewhat since the government is unwilling to add a Rs 678 crore petrochemical complex to the refinery to make it really lucrative.

If all these petrochem megaplans are up against some hurdle or the other, the mega steel projects seem to be having better luck. **Aditya Birla's** Rs 400 crore gas-based sponge iron plant at Maharashtra's Raigad district is on course for a late 1992 commissioning. Some 400 acres of land has been acquired and civil work has begun. Licences for machinery import have already come through and all the key project executives have been appointed.

As for **Essar Gujarat's** 8.8 lakh tpa hot-briquetted iron project at Hazira, half the capacity has already been commissioned and the other half will follow soon. However, the group's Rs 1,400 crore forward integration into an 8 lakh tpa hot-rolled coils project for 100% export is hanging fire, with government approvals not in sight.

The other major private sector sponge iron project, that of Vinay Rai of **Usha Rectifier**, is chugging along in truncated form. Following his flopped mega issue, Rai has abandoned plans for captive power for his 8 lakh tpa project. But land acquisition, site surveys and soil testing have been completed. A quarter of the indigenous machinery has also been ordered and the company expects the plant to be finally commissioned as per schedule in end-1992.

The overall scenario on the megaprojects is thus mixed: green for the sponge iron projects, amber for the petrochemical ones, and red for the refineries.

■ *R. Jagannathan*

FUZZY FEVER

What is the single most desirable property of an autofocus camera? Surely, most people would reply, that the picture should be sharp. In that case, why should Osaka-based Sanyo be trumpeting that one of the key sales points on its lightweight new binocular-shaped camcorder is "fuzzy autofocus?"

One reason is that few Japanese know what the English word fuzzy — which they pronounce "fadgy" — means. To them, it is simply something new, hence exotic and desirable. Another is that the system's fuzziness resides in the chips used to control the camera's lenses, not in the results that the lenses produce.

And a third reason is that, in Japan, in the space of a few short months, fuzziness has become virtually *de rigueur* for new consumer electronic products. "Fuzzy" refers to a brand of computer logic invented in the mid-1960s by Lofti Zadeh, a professor at the University of California at Berkeley. It differs from conventional digital logic in that it can accommodate a range of values instead of just two.

Shades of grey. This ability makes fuzzy logic particularly suitable for increasing the sensitivity of mechanical controllers. In place of the binary black-or-white approach, fuzzy logic is capable of recognising shades of grey.

The discovery of fuzziness has been a godsend for Japanese household appliance makers searching for new ways to dress up old products. A deluge of new fuzzy products began in February, when Matsushita launched a washing machine equipped with a fuzzy controller. This, the company claims, can adjust the wash cycle according to the amount of laundry and the type of detergent.

Not to be outdone, the following month a rival maker, Hitachi, responded by introducing a range of fuzzy washing machines. Meanwhile, however, Matsushita has gone one better by announcing a fuzzy vacuum cleaner. This automatically adjusts its intake based on the amount of dust and the condition of the floor.

For its part, Mitsubishi Heavy Industries, better known as a builder of jet fighters and oil tankers, is marketing a fuzzy-controlled air-conditioner, under the somewhat puzzling name of "Beaver Warp Inverter." The company claims that its machine can reduce electricity costs by up to 24%.

Interesting application. The savings come from the air-conditioner's fuzzy-given ability to maintain a consistent temperature. Conventional air-conditioners, by comparison, are forever switching themselves on and off as the temperature oscillates above and below the set value.

"AIKO ! THIS FUZZY DRIER HAS MADE MY HAIR FUZZY"

Fuzzy logic fever is by no means confined to appliance makers. One of its most interesting recent applications is in a new "palm top" personal organiser/computer that Sony announced in March.

Users enter information into the computer by hand, writing on its screen with a plastic pen. The computer uses fuzzy logic to determine what is being written. Fuzzy logic gives it a certain amount of leeway in opting for one character rather than another. Theoretically, the system is capable of recognising more than 3,500 characters and symbols. In addition, industrial-control makers have applied fuzzy logic to everything from fire alarms to fabric dyeing. And a new Japanese government-sponsored institute that is devoted to the development of fully-fledged fuzzy chips and systems for use in computers has recently been set up in southern Japan. It is the second such institute in the country.

Interesting characteristics. Fuzzy logic-fever demonstrates some interesting characteristics of Japan and the Japanese approach to technology. One is the speed and thoroughness with which information about potentially useful technical developments disseminates through Japanese society. It travels through a variety of means. They include academic conferences, trade shows, professional societies and mass media.

Fuzzy logic has been the subject of countless Japanese newspaper articles, magazine features and television programmes. Especially after Zadeh, its inventor, won a prize from the Honda Foundation last November. It is difficult to imagine what is, after all, a minor branch of a rather obscure field of technology receiving similar attention in any other country.

All this does not mean that the man or woman in the Tokyo street understands what fuzzy logic is. On the contrary, reports indicate that manufacturers are having a difficult time explaining even to their own salespeople why fuzzy products are wonderful. Nonetheless, the average Japanese consumer does seem to twig that fuzziness is a desirable property for a product to have. — *Far Eastern Economic Review.*

NOT ENOUGH HOTELS

This is the time of the year when it is best to avoid driving on a Friday — or a Saturday, or a Monday. Just three weeks after the Easter weekend the British are settling into their next three-day break, to commemorate May Day. And another will be round soon: spring fever now arrives with no fewer than four bank holidays in six-and-a-half weeks.

Not surprisingly, the short-break market is booming. One direct result is a resurgence of investment in the hotel industry, which virtually dried up between the mid-seventies and the mid-eighties. The tourist authorities are working hard to make the most of it. Forget that old image of the English hotel as an overpriced, seaside guest-

house, they say. But it may take time.

In December 1989, 208 English hotels were being built, extended or refurbished, at a cost of £1.2 billion (Rs 3,360 crores; £1 = Rs 28), compared with 42 projects worth £128 million in December 1985. At one end of the market, entrepreneurs are turning country homes into luxury hotels charging over £100 a night; at the other, spartan bed-and-breakfasts charging barely £10 are being urged by local tourist boards to provide the minimum of comforts that a fussy traveller (or a foreign visitor) might expect.

Function of undersupply. The big weakness has always lain between these two extremes: where most of the demand exists, the industry has depressingly little to offer. Compared with other European countries, medium-standard hotels are scarce and overpriced. The escalating cost of hotels in London is a pure function of undersupply — even now the capital has only two new hotel developments in progress. But in the provinces the problem is harder to explain. Why, for example, does it cost £52-80 for a single room in a hotel listed by Michelin as "comfortable" in Sheffield, but only £19-37 in Bordeaux. Despite differences in land and labour costs, the answer, unsurprisingly, is that comfortable hotels are not common in Sheffield but the demand for their rooms is strong.

For a casual tourist or a salesman on a budget, the problem in Britain is not just affording two-star hotels, but finding them. Britain has two-thirds as many hotels as France, but most of these are generally small and unclassified. Ratings, if they exist at all, tend to be high with prices to match, leaving only one-eighth as many rooms in British one- or two-star hotels as in similar French ones.

But the concept of the "budget" hotel — providing clearly defined, branded standards at low prices — is now starting to catch on in Britain. The biggest operator, Trusthouse Forte, has opened 55 "Travelodges" attached to its roadside restaurants; it hopes to have 100 by the end of the year. It has proved relatively easy to develop hotels next to out-of-town restaurants: often the land is already owned by the operator, and there is no need to provide food in the hotel. So other companies like Granada and Rank have followed suit.

From scratch. The ready-owned land suitable for such developments will soon be used up. Other companies, notably French ones like Ibis and Campanile, are trying to start budget-hotel chains in Britain from scratch. Campanile already has a dozen hotels, but is finding development harder than in France. The main problem is buying land. Local councils, by law, cannot sell land cheap, and a budget hotel often is not feasible if land must be acquired on the market: often only an office development or four-star hotel will then yield an adequate return.

So genuine budget hotels still account for only about 1% of rooms in Britain, against 5% in France and 20% in America. The tourist authorities might do well to make better use of the biggest existing resource: the bed-and-breakfast. To do that, they need a proper classification scheme (building on their new "crown" ratings) and — far harder — a centralised reservations system. — *The Economist*.

BAD NEWS ON BANKS

The longest post-war economic recovery ought to have provided the perfect backdrop for banks across the world to rebuild their profitability and capital after the rigours of the Third World debt crisis. Why then, do they now confront the nineties with a whole raft of new problems? Given the key role of the banking system in monetary policy, this question is of overwhelming importance for economic management. Yet, despite clear evidence of a structural fault in large parts of the global financial system, it features surprisingly little on the wider policy agenda.

The sheer relentlessness with which bad news has been emerging from the banking sector suggests that the omission will be remedied before long. The catalogue of accidents so far this year ranges from the ever-mounting bill for the rescue of the US savings and loans (S&Ls), through a global rash of bad and doubtful debts in real estate and leveraged transitions, to the problems of individual institutions such as Britain's Midland Bank, which has suffered from an ill-judged speculative bet on falling interest rates.

Cyclical element. Clearly there is a cyclical element in all this. But that cannot explain the persistent appetite that bankers have shown over the past decade for obviously poor risks. Indeed, the outsider could be forgiven for thinking that the banking sector is an accident perpetually in search of somewhere else to happen. Nor is the impression entirely without foundation. The bankers are, in fact, victims of partial deregulation, whereby the lending side of the bank balance sheet in many countries has been opened up by liberalisation to a ferocious competitive discipline, while scarcely any discipline exists on the liabilities side at all.

First, consider the laxer side of the equation by looking at a little history. In the US banking system, interest rates used to provide an effective instrument of monetary control because lending was done at fixed rates. If the banks' cost of funds rose in response to monetary tightening, the profitability of their existing loan book dwindled, while the rate they charged new loan customers was high enough to deter new business. In Britain, where variable rate overdrafts were the norm, the authorities depended more heavily on administrative controls to restrain credit. In a fixed exchange-rate system buttressed by exchange controls, the credit-creation process tended to be self-correct-

ing. When the central bank was forced to defend a currency that was weakening in response to lax monetary conditions, the bank's funding dried up.

Today the Bretton Woods fixed exchange-rate system is long gone. The Americans have floating rates on both sides of the balance-sheet and the British have abandoned credit controls. Banks no longer feel immediate pain when interest rates change because the burden has been shifted onto the customers. The central bankers are also more prone since the collapse of Bretton Woods to provide liquidity to pre-empt shocks in credit markets. This is one of several factors, well summarised in a recent essay by Zevi Schloss, a former chief executive of the UK subsidiary of Bank Leumi Le-Israel, that have progressively weakened the link between the granting of credit and the repayment of interest and principle.

Temptations. By definition, the most profitable opportunities in banking will tend to be high-risk propositions which depend on future refinancing, while sound self-liquidating credit is likely to be low-risk and low-reward. Hence, in a deregulated market the rapid growth in lending based on the assumption of continuous refinancing, whether in property, the Third World or the leverage buyouts that have helped generate the US corporate debt mountain. The temptations are greatly increased by widespread use of sophisticated forms of insurance such as swaps, caps, futures and options. Much recent property lending in Britain has even been directly underwritten by insurance companies. — *Financial Times.*

THE DRUG NAME GAME

What's in a name? For a new drug, probably success or failure. Pharmaceutical products are supposed to sell on scientifically verifiable effectiveness, not fashion. But surprisingly, and perhaps disturbingly, the drugs business often seems to depend on brand names as much as haute couture does.

The reason is simple: the average doctor has some 50,000 drugs to choose from when writing out a prescription. Bewildered by choice, few doctors ever prescribe more than 100. As a result, a catchy brand name can stick in a doctor's mind and make or break a new product — or protect the market share of a drug after its patent expires.

Though there may be some science in coming up with new drugs, coming up with new drug names is more of an art. Companies will agonise for months over the choice of a name but they do try to follow a few simple rules. Each name should be no more than three syllables or seven characters long — bigger names do not fit on tablets. That is why Merck's new anti-ulcer drug became Pepcid, rather than Pepcidine, an alternative which was originally thought to trip off the tongue more easily.

CID or SID. Acronyms are usually taboo because they can inadvertently stand for the name of a disease. One name Merck had considered for its anti-ulcer drug was CID, which was memorable enough but could not be used because it resembles SID, which stands for sudden infant death, better known as cot-death.

Drug companies usually derive their pill names from the illnesses the drugs are meant to treat, the action of the drug, part of its official chemical title, or some mixture thereof. Thus Librium, the first popular tranquilliser, came from the word "equilibrium," which Librium was supposed to provide. Zantac, currently the world's top-selling drug (made by Glaxo), was supposedly named because the drug counteracts acid secretion in the gut — hence antac, a fragment of the word "antacid" — and was originally intended to be taken twice a day — hence Z, which looked like the numeral "2" to someone at Glaxo. Tagamet, a rival antacid made by SmithKline Beecham, borrowed a bit of the word "antagonist" (because it "antagonises" acid secretion) and a bit of "cimetidine," its generic chemical name, Voila Tag-a-met. Geddit?

For all their ingenuity, drug companies can run into unexpected problems. Retrovir, the anti-AIDS drug made by Wellcome, is an abbreviation of retrovirus, the agent that causes the disease. Unfortunately, in Latin, Retrovir also means "backward man." — *The Economist.*

LAUGHS FOR A CAUSE

Many British public companies, from financial services to consumer goods, now regard support for community and charitable projects as an essential part of their business.

NatWest bank, for instance, will be giving £14 million (Rs 39 crores; £1 = Rs 28) to a variety of causes this year in recognition of its "responsibilities for the well-being and stability of the community."

But one day in the year is becoming a kind of national festival of corporate and community fund raising. This is the 24-hour ITV Telethon, held this year on 27-28 May.

The show, broadcast in all 15 ITV regions, aims to make fund-raising fun. It features sponsored events from swimming marathons to supermarket trolley races. People wearing blue ears will perform all kinds of daft stunts.

Last year, 35 million viewers tuned in. In the last hour of the show, 5 million of them rushed to telephone their pledges of contribution to a total of £23 million. The money was all channelled back into projects in the regions in which it was raised.

Attractive marketing medium. "It is an opportunity for companies not only to do good, but to be seen doing good," says Diane Potter, executive producer. The programme is, there-

fore, becoming an attractive marketing medium — a means of improving corporate image and brand promotion.

Sheila Underwood, community affairs manager for Safeway, the supermarket chain, for instance, aims to double last year's £150,000 contribution by involving staff and customers in a series of events in different areas. "The television coverage raises awareness of the company and generates a positive response," she says. "It is very easy for supermarkets to be seen as just taking money at the checkout. This shows that we want to be part of the local community, that we care about it, and that we want to help it in as many ways as we can."

The opportunity is also being used to promote Safeway's own-label soft grain bread. The store is guaranteeing a £25,000 contribution from donations linked to sales.

an important market for our products," he says. "It involves us with people of all ages, taking part in a popular activity throughout the country. It is an effective way of reaching those people — and there are a lot of them — who do not watch television advertising."

Burger King, the fast food chain, will be selling Telethon's blue ears — an idea adapted from Comic Relief's red nose — in its 100 UK restaurants.

"We are doing it because it's a bit of fun," says marketing director, David Richards. But it is serious, too, because Burger King is trying to build itself into a national brand, and the 19-40 age group, which is its target market, will form a large slice of the Telethon audience.

The combinations of altruism and advertisement, corporate image and corporate responsibility, are proving a potent attraction to many others.

Bill Brodie, managing director of Premier Brands' beverage products, is devoting 10% of his marketing budget this year to Telethon.

The company has organised a sponsored swimming marathon, which began in March and involved some 11,000 swimmers at 120 pools across the country. The first 2,000 swimmers have already raised £250,000. "Our people enjoy getting involved, and it fosters a good community spirit within the company," says Brodie.

Means of promotion. But for Premier, Telethon is more important as a means of promoting its chocolate drink brand, Cadbury's Chocolate Break. "The event links us to leisure centres,

The London stock exchange is giving 1p for every 50 shares and every 1,000 gilts traded on the day; Abbey National, Our Price, and W.H. Smith are planning collections. British Telecom is organising the 3,500 telephone lines for accepting pledges from the programme's viewers.

In an exercise that will cost an estimated £500,000, NatWest, one of the first of Telethon's supporters, is manning 41 centres with 5,000 volunteers from its staff to handle contributions. "Our staff enjoy being involved with an event which generates such obvious benefits for national and local charities," says Tom Frost, NatWest chief executive. — *Financial Times.*

NEWS BRIEFS

■ Two investment funds totalling $500 million (Rs 850 crores), which will invest in US mortgage-based securities, are to be launched in Europe by **Citicorp.**

■ **Imperial Tobacco**, the UK's second-largest cigarette maker, announced job cuts of 1,240 — more than a quarter of its workforce.

■ **Time-Warner**, the world's largest media group, will take a substantial stake in the European Business Channel, a business television company based in Zurich.

■ **Sales** of new cars dropped by 12.7% in April and commercial vehicle sales plunged by 20.2% in the steepest monthly falls of the present **recession** in UK new-vehicle market.

■ Robert Louis-Dreyfus, chief executive of **Saatchi & Saatchi**, dismissed two directors who had held out against his plans to restructure the communications group.

■ **BMW**, the German luxury car producer, is teaming up with **Rolls-Royce** of the UK in a joint aerospace venture.

■ Margaret Thatcher has dropped her veto on full British membership of the European Monetary System (**EMS**), paving the way for the **sterling** to participate in the EMS exchange rate mechanism within the next year.

■ Dutch electronics giant **N.V. Philips** is expected to announce a major management shake-up, which could include the resignation of its president, Cornelis van der Klugt.

■ **Britain's** annual rate of inflation soared to 9.4% in April from 8.1% in March and is expected to reach as high as 10% in August.

■ **IBM** is expected to unveil a major expansion in the capabilities of CallPath, a software product that links telephone switches to computers.

■ **Motorola** said it plans to introduce a computer chip, called the 96002, to compete against the super-fast 80860 chip of its arch-rival Intel Corp.

TIEUPS ON OFFER

Austrian company Franz Haas has developed a vegetable-based packing material as a substitute for paper and plastic. The Haas packing can be used as an insert for chocolate boxes, to make fruit trays, containers for ready-to-eats, ice-cream cups (normally made from paper or polystyrene) etc. The company has come up with an edible yoghurt container made of corn or wheat starch. It weighs barely five gm, its interior is water-resistant, neutrally-flavoured and is edible. Besides, it is fully biodegradable and, therefore environment-friendly. Franz Haas is offering machines to manufacture this packing material.

With environment consciousness on the rise in India and given the proposal of the environment ministry's move to single out products that do not harm the ecology, this biodegradable packing may find many a taker. Indian companies may contact this Austrian outfit for the possibility of technology transfer or a marketing arrangement.

Contact: Franz Haas Waffelmaschinen Industrie GmbH, Research & Development, Haasstrasse, A-2100 Leobendorf/ Austria. Telex: 131952.

Dr Ernst Fehrer AG, an Austrian company, is offering technology on a turnkey basis to recycle secondary and waste fibres. This technology — called the Dréf 2 friction spinning technology — enables hard and soft waste to be converted into spun-quality yarns economically, the company claims. Fibres having a length of 10-120 mm can be spun easily on the machine.

DREF MACHINERY ON VIEW

Hard waste is first fed into a tearing unit and then pressed into bales. Following this, the bales are passed on to an opening and blending unit, carded on a single swift card and converted into slivers. These slivers are then spun into quality yarns on four Dref 2 24-head machines. Companies could contact Ernst Fehrer for a representation arrangement or for technology transfer.

Contact: Textilmaschinenfabrik Dr Ernst Fehrer AG, Postfach 397, Wegscheider Strasse 15, A-4021 Linz/Austria. Telex: 22631-33. Fax: 0732/81674.

Taiwanese outfit Salient Technology is offering laptop computers in three models. The first, based on the i386SX chip, has a clock speed of 16 Mhz, with 2-6 Mb random access memory (Ram) on board. It weighs five kg. The second is based on the i286 chip and has a clock speed of 16 Mhz with 1-5 Mb Ram. The third, which is also an i286 machine, however, has a lower speed of 10 Mhz and 1-2 Mb Ram. Salient also has i386-based IBM-compatibles, 14-inch VGA monitors and keyboards with 101/102 keys on offer. Indian companies could approach Salient for the possiblity of a representation or technology-transfer arrangement.

Contact: Salient Technology Corp, P.O. Box 55-677, Taipei, Sixth Floor, 73 Chien Kuo N. Road, Sec 2, Taipei. Tel:(02) 5043439. Fax: 2-5094366.

This one is for Indian companies interested in entering hi-tech horticulture. Phytotec, a Belgian company, specialises in *in vitro* micropropagation of plants. The company has developed through micropropagation many woody plants such as rhododendrons, azaleas, rose bushes; perennial plants such as Hosta, Potentilla, Hemerocallis; and plants for cultivation such as potato microtubers, strawberries and asparagus. Phytotec is amenable to supplying the propagating material and the technology to propagate under licence. The company's propagating material comes in two forms: nursery stock in cellular trays (minimum of two months' cultivation in a glasshouse) or nursery stock which has grown *in vitro* and has been uprooted (uncovered roots).

MICROPROPAGATION, THE PHYTOTEC WAY

Contact: Phytotec SA, Chaussee Romaine 77, B-5800, Gembloux. Tel: (81) 613828. Telex: 59533. Fax: (81) 610433.

Veredelingsstation AG, a Belgian research house, does R&D in the improvement of vegetables, pastures and feed crops. The company does breeding of beet, turnips and wheat, besides developing new lines of several plants. The company is also involved in the development and production of hybrid varieties. Production of seeds of new varieties is also its forte. Indian companies could contact Veredelinsstation for a technology tieup as the company offers knowhow.

Contact: Veredelingsstation AG, Driesstraat 74, B-8880 Tielt, Belgium. Tel: (51)401126.

ONIDA

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ISSUE HIGHLIGHTS

- A well established Profit making ONIDA GROUP COMPANY.
- Company already manufacturing Audios, CTV and B/W TV sets. Backward area Sales Tax benefit available for 9 years.
- Project for Expansion of Audio, CTV, B/W TV manufacturing facilities.
- Advantage of popular 'ONIDA' brand name and nationwide marketing network.
- Shares offered at par as against present book value of Rs. 46.
- Quick conversion — 50 percent conversion of Debenture into equity at par immediately on allotment into marketable lots
- Investor's benefits — 80L, 80M, 88A (applied for) and Wealth Tax benefits.
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Lead Managers to the Issue

The Industrial Credit & Investment Corporation of India Limited.
Merchant Banking Division,
Jeevan Bharati Tower-II, Level-6,
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NEW DELHI-110 001

CANBANK FINANCIAL SERVICES LTD.,
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Capital Markets Group
1-E, Vandana Building,
11, Tolstoy Marg,
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Managers to the Issue

Grindlays Bank
ANZ
Member ANZ Group
Merchant Banking Division
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CITIBANK
Citi Bank N.A
Investment Banking
Jeevan Bharati Tower I
Level 4, 124
Connaught Circus,
NEW DELHI-110 001.

Bank of Credit & Commerce International (Overseas) Limited,
81 Maker Chambers III
Nariman Point
Bombay 400 021.

HongkongBank
Merchant Banking Division,
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Indian Overseas Bank
Merchant Banking Division
M 13, Punj House-1st Floor,
Connaught Circus
NEW DELHI 110 001

Advisors to the Issue

M/s. J.L. Garg & Co.,
Management Consultancy Division
E-558 Greater Kailash-II
NEW DELHI 110 048

Avenues O&M

SWEET SMELLING WAKE-UP ALARM

Fragrances are now being used in Japan not just to increase industrial productivity but also to find other stress-reducing applications. One interesting application

"THE FRAGRANCE DIDN'T WORK WITH DAD. I HOPE THE STINK BOMBS WILL WORK BETTER"

is to make the process of waking up less rude.

Seiko, Japan's leading clockmaker, has introduced the world's first alarm clock called Urara. It is designed to release a pleasant refreshing fragrance just before the alarm.

A further improvement would be the selection of a proper fragrance which would convert the state of non-random eye movement sleep to random eye movement sleep before interrupting slumber by a sound or a light-activated alarm.

THIN FILM FUEL CELLS

A thin-film fuel cell that can be used in electric vehicles or to power remote or portable equipment has been developed by Bellcore (Morns Township, New Jersey, US), the research arm for several telecommunication companies.

The cell comprises a 0.5 micron thick hydrated alumina membrane sandwiched between platinum film electrodes. The membrane's bound water conducts ions. The assembly is attached to an impermeable non-conducting substrate. The device measures only 20 cm square and puts out about 20 milliamps. But if scaled up, it may deliver more than 50 watts per pound, the US department of energy's goal for electric vehicles.

MAKING PLANES FUEL-EFFICIENT

Airbus Industrie, the European aircraft consortium, has improved the fuel-efficiency of A-320 aircraft by around 1%. Riblet, a film produced by the American company 3M, is stuck on the surface of the aircraft to reduce drag. The product has been developed by the National Aeronautics & Space Administration's (Nasa's) Langley Research Centre.

The film is a fraction of a millimetre thick and has microscopic grooves running down its length which is aligned to the direction of air flow. It reduces drag by damping small packets of turbulence close to the metal surface of the aircraft. The use of this film is estimated to save £10,000 (Rs 2.87 lakhs; £1 = Rs 28) a year on a short-haul airliner and £40,000 a year (or 300 tonnes of fuel) on a long-range aircraft.

The durability of the film under normal operating conditions and its resistance to blockage and damage has already been confirmed. Moreover, the Riblet technology had been successfully applied on yachts participating in competitions.

BRA TO DETECT CANCER RISK

A temperature-sensitive bra, invented by Hugh Simpson, a pathologist at the Glasgow Royal Infirmary, US, may be able to help detect pre-menopausal women who are at high risk of developing breast cancer. The "chronobra" is a thermometric instrument integrated into an ordinary brassiere with 16 solid state temperature sensors and memory. The sensors record temperatures every 64 seconds and can store up to 4,000 temperature measurements in memory. These can be later transferred to a computer.

The inventors have already tested the instrument on 15 volunteers, seven with a known high risk of breast cancer. When they used the bra to chart changes through the menstrual cycle, it was found that there were significant differences in the temperature cycles of the two groups of women. The inventors claim that the chronobra can help detect cancer-prone women years before the cancer itself develops.

TOUGHER CERAMICS

Adding chipped fibres during fabrication can double the toughness of sintered fused silica, according to researchers at the Georgia Institute of Technology, Atlanta, US.

Like most ceramics, silica is brittle. Previous attempts to toughen brittle materials had failed due to fibre clumping and a loss of fibre strength. Here fibres with a 100:1 length-to-diameter ratio were used.

In the new process, the researchers used fibres with a 30:1 ratio which do not clump. Finely-divided fused silica particles are suspended in water. Neatly-chopped fibres are added and the suspension is poured into a mould. As pores in the mould pull water from the mixture, the ceramic material begins to cake on its surface. Low air pressure is then applied to assist consolidation. The final part is then fired in a furnace to increase density and strength.

LOW-TEMPERATURE PLASTIC MAGNET

A Japanese laboratory has produced a plastic that exhibits magnetic properties at low temperatures. The breakthrough could have applications in magnetic sensors. The group, at the University of Hokkaido, uses a process that produces a uniform material of consistent quality, a stumbling block in previous attempts.

The material is made by dissolving a derivative of acetylene in ethanol and reacting it in the presence of a rhodium catalyst for 24 hours. A yellow material is produced which, when heated to 200°C, gets transformed into a plastic material. It is non-magnetic at room temperature, but at temperatures lower then -180°C, it shows magnetic properties.

DUAL VISION LENSES FOR CATARACT

New ocular implant lenses allow cataract patients who have had their own natural lenses removed to focus on both near and distant objects as if they were wearing bifocals. Plastic lenses used currently in implants can focus only on distant objects, making reading glasses necessary for close work.

The dual focus lens developed by 3M Vision Care of St. Paul, Minnesota, US, is the first commercial application of a new technology called "binary" or "diffractive" optics. Half of the surface of the dual implant lens is covered with a series of stepped ridges no more than two micrometers high. This structure, along with the refractive power of the lens, helps focus light from nearby objects on to the retina. Other uncoated areas of the lens focus light from distant objects.

Tests so far have not shown any harmful side-effects in switching over to dual focus lenses. On the contrary, patients have shown an improvement in eyesight.

METHANE TO PETROL USING AIR

Charles Taylor, Richard Noceti and Thomas Snyder of the US energy technology centre of the department of energy in Pittsburgh are developing a new process to convert methane into petrol consuming only air. Methane, the main component of natural gas, is the simplest hydrocarbon, consisting of one carbon atom and four hydrogen ones: (it is also produced in the gasification of coal).

When natural gas is available only in remote areas, oil companies find it economical to convert methane to petroleum which can then be transported in conventional oil tankers. But the problem is that although methane burns in the air to form carbon dioxide and water, it does not readily react with other chemicals to form heavier hydrocarbons.

The US researchers have now found a way of activating methane and turning it into higher hydrocarbons using a two-stage process which is extremely economical in its use of energy and materials. In the first step, methane, oxygen and hydrogen chloride react over a copper chloride catalyst to form monochloromethane and water — a process called oxyhydrochlorination, in which about 40% of methane is converted. After the removal of water, the chloromethane is reacted with another catalyst called zeolite to give petrol and hydrogen chloride which can be used again in the first stage. Thus oxygen (in air) is the only substance consumed in the process.

CAMERA FOR SURVEILLANCE

English Electric Valve (EEV) of Chelmsford, UK, a subsidiary of GEC, is marketing a new kind of electronic camera which can capture, within one millisecond, the number plate of a fast moving car. The camera has a solid state image sensor which relies on an array of charge-coupled devices.

The camera has opened up the possibility of registering the location of particular cars and tracking their movements. The company has plans to provide fully automatic surveillance of motor vehicles. The system would photograph speeding cars, check ownership and issue summons, all without the involvement of human beings. EEV claims that its system can record up to five vehicles per second, which is well in excess of motorway traffic rates.

"I DON'T MIND THE SPEEDING TICKET. BUT YOU'D BETTER EXPLAIN THE PRESENCE OF THOSE WOMEN IN YOUR CAR"

REFILLABLE DRINKS BOTTLE

A carbonated drink bottle made from engineering plastic and intended to challenge the return-refill bottle market, currently being monopolised by glass, is being developed by GE Plastics of West Germany.

An inner and outer layer of Lexon polycarbonate makes the bottle heat resistant up to around 65°C, while a middle layer of Gelon amorphous polyamide provides a barrier for gas. The bottle is also scuff resistant, giving it a long life potential. A glass bottle is only used around 25 times, whereas the new GE bottle can be used up to 60 times.

The company plans to initially introduce the bottle in existing return-refill markets such as Germany and Holland where it will compete directly with glass bottles. It has also environmental advantages in that the new bottle is fully recyclable.

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S.K. MODI'S GROWTH SPLURGE

Satish Kumar Modi has little more than his name to his credit in the big league of industry currently. But if the plans now getting off the drawing board and the ones that have progressed some way to the marketplace are any indication, he is not one to let the minor handicap of a modest track record inhibit his grow-grow itch.

He is already half-way to becoming a fibre tiger. After energetically scrapping with Aditya Birla for years, Modi's pet high-wet modulus (HWM) fibre project in association with Courtaulds recently got its capital goods import clearance. That means his 30,000 tonnes per annum (tpa), Rs 209 crore Modi Fibre venture will, over the next few years, be challenging Birla's monopoly (market share: 90%) in viscose staple fibre (VSF).

Nor do Modi's fibre dreams end with HWM. Also in the works is a thrust into acrylic fibre, for which a memorandum of understanding (MOU) has been signed with the Himachal Pradesh State Industrial Development Corporation (HPSIDC) which holds a letter of intent. The Rs 200 crore, 20,000 tpa project which saw the Thapars chickening out will now see the Modis partnering HPSIDC.


S.K. MODI IS THREADING A NEW FUTURE

SHAKE A STICK

While the fibre projects are already in hand, the rest of Modi's plans lurk in the bush. One is a MOU with Prescott Bush, a company owned by the brother of the US President, to set up a non-resident Indian (NRI) township near Delhi. But then, if MOUs were horses, beggars would ride. Modi has more MOUs in his kitty that you could shake a stick at: one MOU binds the Hongkong-based Mandarin group to set up a hotel with Modi; another with Holdsworth & Gibbs of the UK is for a project in England to cater to the European market for processed thread; yet another with Jardine Fleming seeks to launch a mutual fund in India when the government opens the door to the private sector.

If all of Modi's ventures take off, the investment involved could be a staggering Rs 700 crores. But then, big plans are the norm in the post-split Modi satrapies. Satish Kumar Modi's four brothers (sons of the late Gujar Mal Modi) have already set up a scorching pace with mega plans: K.K. Modi is looking at Rs 250 crore investments in polyester filament yarn and video cassettes; B.K. Modi is planning to sink Rs 280 crores in butyl rubber and another Rs 80 crores in a steel-belted radial tyres project; V.K.Modi is mulling over a Rs 230 crore nylon tyre cord project; and U.K. Modi is considering expanding his Bihar sponge iron project with additional investments of Rs 125 crores.

Some of these projects may end up as pie-in-the-sky, including a few of S.K.Modi's. The Modi Fibre project in association with Courtaulds of the UK is unlikely to be one of those given the tenacious fight Modi has put up to bring it to fruition, but there is no guarantee that it will see the light of day too soon. Let alone Birla's lobbying clout, Courtaulds itself seems to be going slow in the matter. Says a cryptic joint press note issued by Courtaulds and Modi: "It is not, and it has never been, the intention to proceed with the project (i.e. the HWM one) in India until after the establishment of further manufacturing plants in Courtaulds' domestic markets, i.e. Europe and the US."

Though the 'when' is in some doubt, there is no 'if' to the Modi Fibre project, which will have a turnover in excess of Rs 150 crores when producing at full tilt. Despite the higher project cost (the earlier cost was Rs 133 crores for a second-hand plant with a 52,500 tpa capacity), Modi expects the project to make money mainly because of his technological advantage over rivals and the shortage of VSF in the domestic market. With only two manufacturers in the country, Grasim and South India Viscose (combined capacity: about 1.25 lakh tpa), the country is dependent on imports to meet a part of the demand. Modi claims his fibre will not only have better strength, but will also be 30% cheaper to produce owing to Courtaulds' superior technology of spinning the cellulosic fibre through a chemical process.

Nevertheless, question marks will continue to dangle over the VSF venture, not least because of the entrenched rival in Grasim. But in Modi's other thrust area, the field is wide open: acrylic fibre, where the demand gap is plugged by imports. Currently, the only two players in this league are Indian Petrochemicals Corp Ltd (IPCL) and J.K. Synthetics, who share the industry's 40,000 tpa capacity equally. With demand at 55,000 tpa, the duo are minting money.

Unfortunately for Modi, others have already jumped into the fray. Among them: Pasupati Acrylon, Consolidated Fibres of G.P. Goenka, and Indian Acrylic of the Steel Strips group. By the time Modi makes an entry (perhaps as late as in 1992), the established capacity would be around 95,000 tpa. It's anybody's guess whether demand would have burgeoned as fast to give Modi his quick buck.

Modi, however, has no doubts. "Here again technological advantage will play a role. We will go in for an

online dyeing process technology and eliminate the need to dye the fibre. We will revolutionise the acrylic fibre industry with this first-of-its-kind project in India," says he. To gain a foothold in the market, his company, Modi Threads, has already started selling acrylic knitting yarn under the Modiknit brand name using fibre imported from Courtaulds.

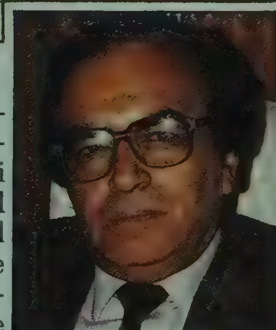
Modi's gameplan involves widening the area of collaboration with Courtaulds. For example, there are already plans afoot to invest Rs 5 crores for projects to manufacture elastomeric fibre and another for making lace, both in tieups with Courtaulds. Another company he has tied up with is Hoover, a world leader in domestic appliances — including vacuum cleaners, refrigerators, electric irons, microwave ovens etc — for a joint sector project in Maharashtra to manufacture industrial and domestic vacuum cleaners. For this Rs 28 crore project, land has already been acquired near Pune. To establish a market presence, Hoover products are already being marketed by Modi Threads.

More ambitious, however, are Modi's real estate plans. Last year he signed an MOU with Prescott Bush to set up an NRI township. This project is expected to generate a turnover of around Rs 80 crores with minimal investment since the cost of the project is proposed to be met out of the revenue generated from prospective buyers of plots. According to Modi, the hunt is on for a piece of land near Delhi. "Plots will be sold only to NRIs to earn foreign exchange for the country," says he.

LAND HUNT

Another project for which a land hunt is on is a five-star deluxe hotel venture with the Mandarin Oriental Hotel group. "We are looking forward towards an exciting future with the Modi group," said Robert Riley, managing director of the Mandarin group, who was in Delhi a few weeks back. Hard figures on the investment involved are difficult to come by. "Since land costs a lot in such projects, no cost estimate can be given for the project unless the site is selected," says Modi. Insiders reckon that the cost will not be less than Rs 50 crores.

If the hotel project is all about entry into a new area like hotels, the tieup with Holdsworth & Gibbs of the UK is



THE MODI THREADS RANGE AND (INSET) GENERAL MANAGER D. KUMAR

even more ambitious since it involves setting up a plant in Swinton, near Manchester (UK), to process threads from Modi Threads for the European markets. The initial process plans are for a 250 tpa capacity plant which would later be expanded to 1,000 tpa. The two partners will share the equity stake 50-50 in the joint venture.

Modi's plans to get into the money game through mutual funds continue to be in limbo in the absence of a government decision on allowing private mutual funds in. However, his Modi Overseas Investment Ltd has found a role in Jardine Fleming Pacific Trust as advisor for the fund's investment in the Indian market. The proceeds of this fund launched by Jardine Fleming will be invested in the Asia-Pacific region and about 10% of it will flow to the primary market in India. Claims Modi: "Despite a crash in the Japanese stock market, our fund is quoted above par on the basis of its net asset value." The fund's $10 unit was being quoted at $11.47 in early May.

The key question still remains: notwithstanding all his grandiose plans, what is Modi's track record? To date, his only major industrial involvement has been with Modi Threads, a Rs 40 crore company that he turned around. A closer look at Modi Threads is therefore essential to assess Modi's industrial calibre.

Some background is necessary first: Modi Threads was originally a division of Modi Spinning, a once profitable company of the undivided Modi group. It started going downhill in the late seventies following the growing rift in the family and labour trouble. Insiders attribute the slide partially to the fact that the company's profits in the early years were siphoned off to set up other projects, leaving little for the modernisation of Modi Spinning itself. As a result, when the fortunes of the company took a U-turn, everybody jumped ship. Losses mounted and suits were filed in court for the liquidation of the company.

In the early eighties, the Modis agreed to split the company into smaller units and four subsidiaries were spawned: Modi Threads, Upasana Textiles, Modern Spinners and Vishal Synthetics. S.K. Modi took charge of Modi Threads partly because there were no other takers for it; besides he was the one who knew the thread business best in the family.

According to Modi, expansion, quality improvement and a widening of the product range were the key factors behind the turnaround. But it wasn't easy, for neither his brothers nor the financial institutions were willing to pump in the necessary funds for revival. Modi got around the problem by allotting equity shares

1915 – 1990

75 JUBILEE

Portrait of a 75 year old

Pharmaceuticals and petrochemicals. Processed foods, polymers, electronics and energy products. Engineering, telecommunications, paints and biotechnology. That's the business portfolio of The UB Group today. A group that began 75 years ago as one brewery. The pace of growth and diversification has been accelerated by the Group's accent on technology. A corporate guideline that has helped the Group contribute significantly to every field it has entered. Revolutionary diagnostic systems and remedies. Petrochemical substitutes for natural raw materials. Restandardising old engineering equipment to near new standards. As India's leading multinational, the Group has

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THE UB GROUP
IN PACE WITH THE FUTURE

"THE SKY IS THE LIMIT"

For Satish Kumar Modi (44), Modi Threads has always been a personal venture right from the time he was inducted into the family business. He started off by looking after the threads operation of Modi Spinning. When the unit was finally made a separate company, he agreed to take charge, much to everyone's relief, since the company wasn't too healthy. Thus, in 1983, when he became the chairman of Modi Threads, there was no other Modi on the board. Over the next six years, he turned the company around and in 1988-89, the company paid its maiden dividend. In an interview to BusinessWorld, *Modi talks about his pet company and expansion plans. Excerpts:*

■ On Modi Threads when he took charge.

It was losing money and was in need of proper care. Nobody else in the family was ready to touch it or help financially. I knew about its potential and took charge.

■ On how the company managed to turn the corner.

Fresh funds were injected into the company for the modernisation of plant and machinery. A widespread marketing network and efforts to improve the brand image helped a lot. The turnaround was also brought about by improving the quality of threads produced, increasing productivity and rationalising the workforce.

■ On the company's aborted collaboration with DMC of France.

The government insisted on a 25% ceiling on DMC's equity stake in the company, but the collaborator was interested in a 40% stake. They thus lost interest. But we have a strong association with them and DMC is importing our products and marketing them under its own brand name. In a way, the break-up of the DMC collaboration agreement has proved a blessing in disguise for us as we have managed to sign a memorandum of understanding (MOU) with Holdsworth & Gibbs of the UK to set up a thread manufacturing unit in England. This would not have been possible if the DMC collaboration had gone through.

The new collaboration will help Modi Threads a lot, specially after 1992, when the EEC will become a common market. We will have gained a foothold in their market.

■ On Modi Threads' expansion programme.

The sky is the limit. I expect our turnover to reach Rs 500 crores in the next 10 years. The market for our products will expand from the present Rs 2,000 crores to Rs 10,000 crores in this period. The thread market is bound to expand with a shift in demand from unstitched fabrics to stitched garments — from sarees to salwars, from dhoties to pants. The potential is unlimited.

■ On the immediate expansion plans.

We propose to spend Rs 15 crores for the modernisation programme. With this the turnover of the company will increase from Rs 40 crores last year to Rs 100 crores in the next financial year. The thrust areas will be hi-performance threads, craft threads and direct exports.

■ On diversification projects.

We have drawn up big diversification projects and we are working towards their implementation. Each project will offer products that have some technological advantage over the ones currently available in the domestic market. We will not only be bringing in high-performance products like high-wet modulus (HWM) fibres, but also be revolutionising the industries like acrylic fibre.

■ On how these projects will be funded.

Our Modi group will fund these projects. There will be no problem.

from the promoters' quota to the public through private placements during the mid-eighties stockmarket boom. Once the money problem was solved, the turnaround began.

"A better product-mix, brand image and the introduction of a new product range helped a lot," asserts Modi. The company increased its production capacity, borrowed idle capacity from a sister concern to introduce new products and started marketing a whole range of haberdashery products. The new products introduced included canvases for embroidery, cross-stitch and needlework kits, zip fasteners and interlining cloth. "The way the company has branched out in every related field has helped improve the image of the company," comments Yash Kohli, a senior executive of Modi Threads.

For instance, from an ordinary thread manufacturer, the company today has threads for all possible needs: threads for housewives and garment manufacturers, for flying kites, for machine embroidery, for crochet, for stitching leather, *et al.* And if production facilities were not available within the company, it borrowed them. The Modi knitting yarn marketed by the company is manufactured by an underutilised Modi Carpets plant. The polyester sewing threads are produced by the silk weaving plant of Modi Spinning.

And then there has been the export thrust. The export of yarns, thread and other products, which toted up to a meagre Rs 4 lakhs in 1985-86, zoomed to Rs 1.18 crores in 1987-88. Though the next year saw a slide to Rs 70 lakhs, in 1989-90, exports are expected to touch Rs 2 crores.

The company's threads are marketed abroad both under its own brand names

THE MODI THREADS HQ BUILDING

and those of other established brands. "The problem is that we do not have production facilities for world class polyester spun threads and hence we are not able to tap the overseas market fully. In the European market, 89% of sales are accounted for by polyester-based thread and since our production is done on a silk weaving plant, the quality is not internationally competitive," says V.K. Sharma, Modi Threads' London office manager. The company is thus thinking in terms of buying threads as per international specifications from outside for exports. Even without this, however, Sharma is confident of achieving an export turnover of between Rs 5-10 crores in the next two years.

Thanks to these efforts, Modi Threads has become a healthy company which can now think of large scale modernisation and promotion of new units in hi-tech areas. The sales turnover of the company has thus nearly doubled between 1984-85 and 1988-89 (gross sales: Rs 40.58 crores). The bottomline shot up even more spectacularly: gross profits jumped up from a measly Rs 13.29 lakhs to Rs 2.77 crores over the same period.

REMARKABLE CHANGE

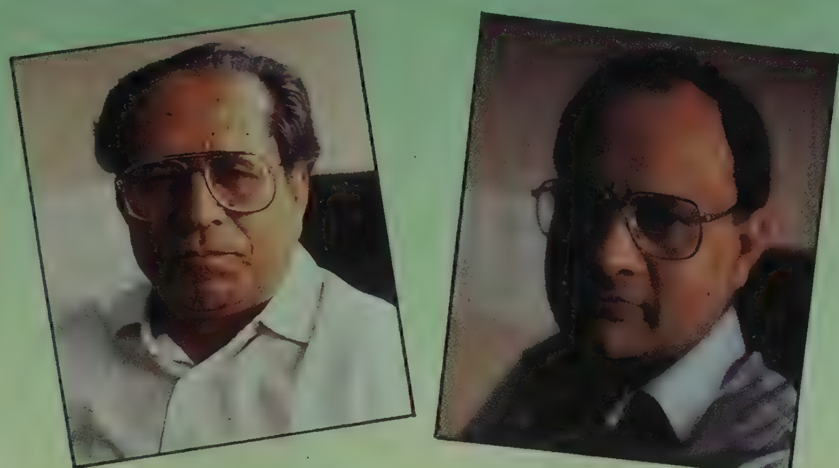
Till 1986-87, Modi Threads had to skip depreciation provision for want of adequate profits. In the year 1987-88, all the accumulated depreciation provisions were provided for after making certain accounting adjustments.

A remarkable change in fortunes, but there is a little spot of trouble looming ahead: power tariffs. "The Uttar Pradesh state electricity board hiked the power rates from 35 paise to 65 paise per unit in 1986. We, along with some 200 other units, have gone to court against this and obtained a stay on the hike," explains I.D. Sharma, company secretary. The liability on this account, which had not been provided for in the accounts for the year to August 1989, amounts to a whopping Rs 3 crores, of which Rs 1.50 crores is for the year 1988-89 alone. A 10 paise hike in electricity rates increases the production cost of the company by Rs 20 lakhs (at 1988-89 production levels of 33 lakh kg of yarn and thread).

Meanwhile, another blow was struck with a further hike of 30 paise per unit in late 1989, which has now been rolled back after a state-wide agitation. The chances of a rollback of the earlier hike, however, look unlikely, with scary implications for the bottomline.

The company is, nonetheless, going ahead with its Rs 15 crore modernisation plan to further improve the quality of production and enlarge the product range. This is being funded with an expansion of the equity base, which will more than triple from the present Rs 2.97 crores to Rs 10 crores after the proposed public issue of shares in the second half of this year. In this fresh equity issue, the company's foreign collaborators and the Commonwealth Development Corporation (CDC) have been offered shares worth Rs 1.5 crores.

The company has set itself a turnover target of Rs 100 crores in 1990-91, and after that it is aiming even higher. "In the next 10 years, we will achieve sales of Rs 500 crores from this company alone," says S.K. Modi. The expansions in the near future will all be in the present area of operations, though there are no plans for increasing the installed capacity of any item. In the longer term, however, there are plans on the drawing board to set up thread manufacturing plants in Maharashtra, Kerala and Gujarat.



COMPANY SECRETARY I.D. SHARMA (L) & LONDON OFFICE CHIEF V.K. SHARMA HAVE HIGH HOPES

"The threads market is growing by 10% annually and we would like to increase our market share, especially in industrial thread, which is growing by 15%," says D. Kumar, general manager (development), Modi Threads. The present demand for threads is around 35,000 tpa, of which 2,000 tonnes is for polyester threads. In the organised sector, Madura Coats is by far the biggest player having a market share of nearly 35%, followed by Modi Threads (11%) and Vardhman Spinning (6%). The rest of the market is with the unorganised sector, catering to the lower end of the price range.

Modi Threads' strategy for the present is to use borrowed capacity at Modi Spinning and shift to higher value-added products. The company also plans to threaten Vardhman's 50% market share in the around 18,000 tpa acrylic knitting yarn industry. "Our product is much superior in quality — softer and uniform in colour. However, we have plans to take just 3-4% of the market in the current year," says Kumar.

The third major area of growth for Modi Threads is in haberdashery. The present Rs 6 crore market for embroidery items is dominated by Madura Coats with an 85% market share. The plans are not only to expand the market by giving better options to customers, but also tap the export market for this. Besides this, the company has plans to launch a number of products — needles, buttons, scissors, tailoring chalk, measuring tapes and machine oil — to become a leader in haberdashery.

Clearly, S.K. Modi doesn't think small. The next few years will show whether he can thread together a diverse industrial expansion or whether all the MOUs and big plans are just so much yarn.

■ *Shashi Shekhar*


Gathering darkness
A quiet evening together
An unspoken thought
And it's time for cocktails.*
Binnie's
Aristocrat
Cocktail Snacks
Binnie's
Aristocrat
Aqua Alsolut
Aristocrat. Its what the good life is all about.
*Cocktail : Preparation of food, esp. as appetizer

DATAFILE: GUJARAT

Gujarat, the country's second largest industrial state, is the focus of this edition of Datafile. This is, however, only the first of two instalments on the state.

Area: 1,95,984 sq km.

Population: 340 lakhs.

Natural resources: In agriculture, rice, wheat, jowar, all cereals and pulses, groundnut, cotton and tobacco are the main crops. Pomfret, prawn, lobster, jew fish, salmon and mullet are the major aquatic resources. Teak, *haldi*, *kalam*, *sisam*, *khair* and bamboo are key forest resources, while salt, limestone, bauxite, manganese, gypsum, china clay and calcite are the state's major minerals.

Industrial area classification: The central government classifies only Dangs district in category A. Category B has Panchmahals, Bharuch and Surendranagar.

The state government classifies different *talukas* under four categories: A, B, C and D. New petrochemical and chemical industries to be set up at the Gujarat Industrial Development Corporation's (GIDC's) Vapi estate are treated as eligible for incentives available in Category D (effective from October 1987). The following are the various *talukas* listed in various categories district-wise.

Category A:

Dangs district: Dangs *taluka*.

Category B:

Panchmahals district: Limkheda, Santrampur, Devgadh Baria, Shehra, Jhalod, Jambu Ghoda, Dahod, Lunawada.

Bharuch district: Dediapada, Sagbara, Jhagdia, Valia, Vagra.

Surendranagar district: Chotila, Sayala.

Amreli district: Jafrabad, Babra, Khambha.

Kutch district: Rapar, Lakhpat, Bhachau, Abdasa.

Junagadh district: Bhesan, Maliya.

Bhavnagar district: Talaja.

Mehsana district: Sami.

Sabarkantha district: Meghraj, Khedbrahma, Vijayangar, Malpur, Bhiloda, Bayad.

Banaskantha disrtrict: Santalpur, Vav, Deodar, Dhanara, Danta, Deesa, Tharad, Kakarej (Sihori).

Vadodara district: Chhota-Udaipur, Navswadi, Jetpur Pavi, Tilakwada, Savali, Vaghodia.

Surat district: Mandvi, Uchchal, Songadh, Vyara, Mangrol, Nizzar, Mahuva.

Valsad district: Dharampur, Vansda.

Jamnagar district: Lalpur, Kalyanpur.

Rajkot district: Jamkhandorna, Lodhika, Kotada Sangani.

Category C:

Panchmahals district: Halol, Kalol, Godhra.

Surendranagar district: Dasada, Dhrangadhra, Muli, Halvad, Lakhtar, Limbdi, Wadhwan, Patdi.

Bharuch district: Nandod, Ankleshwar, Jambusar, Amod, Hansot, Bharuch.

Mehsana district: Siddhpur, Harij, Chansma, Kheralu, Patan, Kadi, Vijapur, Visnagar, Mehsana, Kalol.

Sabarkantha district: Idar, Himatnagar, Prantij, Modasa.

Banaskantha district: Palanpur, Radhanpur, Vadgam.

Kutch district: Anjar, Nakhtrana, Mandvi, Bhuj, Mundra.

Junagadh district: Una, Veraval, Talala, Ranavav, Visavadar, Mangrol, Mendarada, Kutiyana, Keshod, Vanthali, Manavadar, Junagadh, Porbandar.

Amreli district: Kodinar, Amreli, Rajula, Liliya, Dhari, Vadia, Lalhi.

Bhavnagar district: Gariadhar, Vallabhipur, Mahuva, Godhada, Umrala, Ghogha, Palitana, Kundla, Botad, Sihor, Bhavnagar.

Kheda district: Balasinor.

Surat district: Olpad, Valod.

Valsad district: Umbergaon, Chikhli.

Category D:

(The GIDC estates in the below-mentioned places are also eligible for category D incentives.)

Ahmedabad district: Dhandhuka, Kerala, Vani, Dholka, Viramgam.

Kheda district: Khambhat, Thasara, Borsad, Sojitra, Kapadvanj, Umreth, Petlad.

Vadodara district: Sankheda, Dabhoi.

Valsad district: Pardi, Bilimora.

Rajkot district: Gondal No.182, Mota Dahisara (Maliya), Dhoraji, Jasdan, Vankaner, Padhari.

Jamnagar district: Arambhada, Jamkhambhaliya, Dhrol, Bardoli.

No incentive talukas:

Bharuch, Junagadh, Porbandar, Nadiad and Navsari Municipal areas, and Ahmedabad Baroda, Surat, Jamnagar, Rajkot and Bhavnagar areas covered under the Urban Development Authority limits.

Infrastructure tariffs & concessions:

Power: The prevalent tariffs are given in the accompanying table.

POWER TARIFFS IN GUJARAT

(Average rate in paise per Kwh)

Category	Rate	Duty/tax	Surcharge	Total
Small industry				
5 HP, 10% LF (upto 272 Kwh/month)	40.77	5.67	43.95	90.39
10 HP, 15% LF (upto 817 Kwh/month)	37.19	5.17	43.95	86.31
10 Kw, 20% LF (upto 1,460 Kwh/month)	40.60	5.66	43.95	90.21
Medium industry				
50 Kw, 30% LF (upto 10,950 Kwh/month)	47.09 51.25	6.56 7.13	— 43.95	97.60 102.33
Large industry				
250 Kw, 40% LF (upto 73,000 Kwh/month)	49.16 53.64	11.80 12.88	— 42.51	103.47 109.03
1,000 Kw, 50% LF (upto 3.65 lakh Kwh/month)	47.39 50.91	11.38 12.22	— 42.51	101.28 105.64
Heavy industry				
5,000 Kw, 40% LF (upto 14.6 lakh Kwh/month)	51.53 56.81	12.37 13.63	— 42.51	106.41 112.95
5,000 Kw, 60% LF (upto 21.9 lakh Kwh/month)	45.25 48.58	10.86 11.66	— 42.51	98.62 102.75
10,000 Kw, 60% LF (upto 43.8 lakh Kwh/month)	45.47 48.58	10.91 11.72	— 42.51	98.89 103.08
10,000 Kw, 70% LF (upto 51.1 lakh Kwh/month)	43.26 46.44	10.38 11.15	— 42.51	96.15 100.10
25,000 Kw, 80% LF (upto 146 lakh Kwh/month)	42.04 44.90	10.09 10.78	— 42.51	94.64 98.19

Note: The first line refers to rates from May to October and the second line refers to rates from November to April.

■ *Ramesh Kumar*

The author is head of Mode, a Bangalore-based consultancy.

SPONGE IRON PROJECTS

In continuation of the series on new projects in India, this article will make a beginning on the metallurgical sector: sponge iron projects.

There are currently four units producing sponge iron in India. Three are already in operation; Sponge Iron India, Ipitata Sponge Iron and Bihar Sponge Iron, the last named having commenced production only in 1989. The fourth unit, Sunflag Iron & Steel Ltd., had installed its plant in 1988 but has been experiencing some technical problems. It is expected to begin full scale commercial production this year. A number of new sponge iron projects are, however, in various stages of implementation. The details:

■ Bellary Sponge Iron Ltd. is to instal a 50,000 tonnes per annum (tpa) plant in Karnataka at a cost of Rs 68 crore. Scheduled for completion during 1991, the plant will obtain iron ore from the Bellary-Hospet region.

■ Bihar Sponge Iron Ltd., which installed a 1.5 lakh tpa plant at Chandil near Jamshedpur based on Lurgi technology, proposes to undertake a capacity doubling programme which is expected to be completed in 1991.

■ Essar Gujarat Ltd. is putting up a sponge iron project at Hazira near Surat with a capacity of 8.8 lakh tpa.

The Rs 305 crore project scheduled for completion by mid-1990, is based on the Midrex direct reduction technology. The company has also taken up a Rs 374 crore expansion programme for completion by 1992 wherein an additional capacity of 7.2 lakh tpa will be installed. Apart from these projects, Essar Gujarat is planning to set up a 100% export-oriented unit (EOU) for steel products.

Several companies are planning to put up sponge iron projects. From the existing four manufacturers, the figure is expected to rise four-fold by end-1992

■ Goldstar Steel & Alloy Ltd. is installing a 2 lakh tpa coal-based sponge iron project in Vizianagaram district of Andhra Pradesh. The project may be completed during 1991.

■ Grasim Industries is implementing a Rs 400 crore, 7.5 lakh tpa gas-based sponge iron project at Revadanda in Raigad district, Maharashtra. The project will use technology from Hylsa S.A. de C.V. of Mexico.

■ Ipitata Sponge Iron has taken up a modernisation programme at its plant at Joda in Keonjhar district, Orissa. The plant is being upgraded from 90,000 tpa to 1.2 lakh tpa. The scheme may be completed during 1990.

■ The Ispat group of M.L. Mittal holds two registrations for sponge iron projects with the secretariat for industrial approvals (SIA). One has been obtained by Ispat Computers Pvt. Ltd., and envisages a capacity of 3 lakh tpa to be installed near Raipur in Madhya Pradesh. The other registration is held by Ispat Profiles, which proposes to instal a 6 lakh tpa project in Sambalpur district, Orissa.

■ Nippon Ispat Denro Ltd., another Mittal group company, is drawing up plans for a 1 million tpa, Rs 600 crore sponge iron project based on natural gas either at Kakinada in Andhra Pradesh or near Alibag in Maharashtra.

■ Jindal Strips Ltd. is taking steps to set up a Rs 20 crore, 1 lakh tpa sponge iron project in Raigarh district, Madhya Pradesh. The technology for the coal-based project has been developed in-house. The project is scheduled for commissioning during 1991.

■ Kalyani Steels Ltd. is setting up a 1.5 lakh tpa sponge iron project near Alibag, Maharashtra. The project may be commissioned in 1992.

■ Orissa Iron & Steel Ltd., a joint venture company, proposes to set up a complex at Daitari near Cuttack to produce sponge iron and pig iron with a total investment of Rs 450 crores. A 3 lakh tonne hot briquetted iron plant is proposed along with a 2 lakh tpa facility for pig iron.

■ Poddar Projects Ltd. has proposed a Rs 150 crore pig iron-cum-sponge iron complex in Purulia, West Bengal.

■ Raipur Alloys & Steel Ltd. has announced plans to create facilities near Raipur for 1 lakh tpa of sponge iron and 1.2 lakh tpa of pig iron. Initially, the sponge iron project will be set up with an investment of Rs 40 crores.

■ Sponge Iron India Ltd. has teamed up with the Karnataka State Industrial Investment & Development Corp. to set up a 1 lakh tpa sponge iron plant. Proposed to be located near Hospet in Bellary district, the project is estimated to cost Rs 51 crores. It is likely to become operational during 1992.

■ The Steel Authority of India Ltd. has proposed three separate projects for producing hot briquetted iron. One project with a capacity of 22.50 lakh tpa is to be established at Kakinada with an investment of Rs 500 crores. The second project is to be set up at Daitari in Orissa with a capacity of 8.8 lakh tpa, and the third one is proposed as a joint venture with the Kudremukh Iron Ore Co. Ltd.

■ Sunflag Iron & Steel, which has established a 1.5 lakh tpa sponge iron project at Bhandara Road near Nagpur, Maharashtra, proposes to treble the plant capacity to 4.5 lakh tpa.

■ Tamil Nadu Sponge Ltd. is in the process of setting up a 60,000 tpa sponge iron project at Omalur near Salem with technical assistance from Sponge Iron India. The first phase is being set up at a cost of Rs 15 crores and is likely to become operational by late 1990.

■ Usha Rectifier has reportedly begun the construction of an 8 lakh tpa hot briquetted sponge iron (HBI) project at Gauriganj in Sultanpur district, Andhra Pradesh.

In addition to these projects, several registrations have been granted by the SIA, including some to big business houses such as Century, Birla Jute and Mysore Cement.

■ *P.V. Satyanarayana*

The author is a Bombay-based management consultant.

"NO TO LIC INVESTMENT"

Anant Narayan Shanbag (55) is the man for investment and tax planning. A prolific writer on investments, his understanding of the subject is remarkable (see BusinessWorld *20 December 1989-2 January 1990). He spoke to A.H. Ghani of* BusinessWorld *on the recent changes in the tax laws relating to investments, particularly s.80C (now s.88), s.80CC (now s.88A), s.80CCA and s.80CCB.*

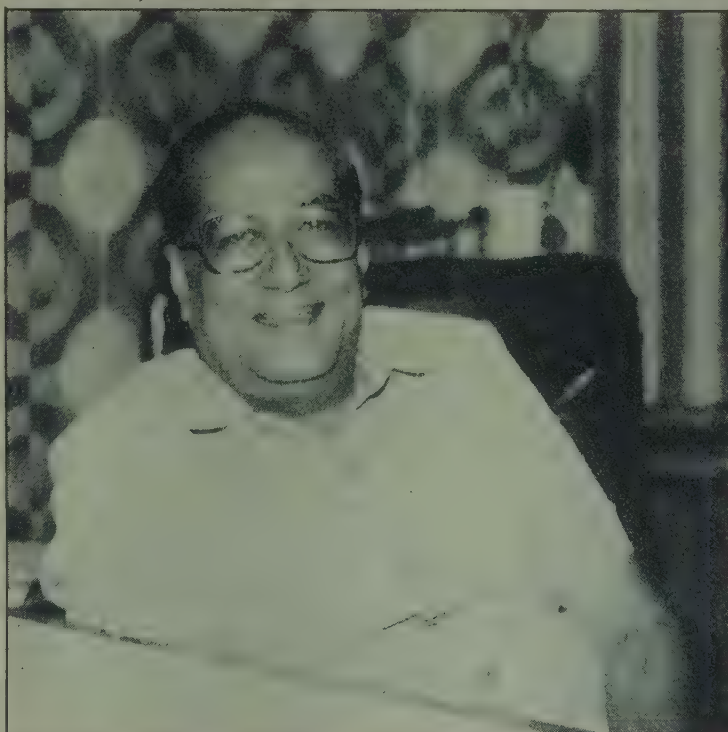
■ On s.88 which has replaced s.80C. S.80C offered an income rebate and now s.88 offers a tax rebate. Under s.80C, deductions were allowed from taxable income, but, under s.88, tax is computed on the total income and deductions are allowed from the amount of tax payable. The investment avenues eligible for the benefit remain unchanged — company and public provident funds, the unit linked insurance plan (Ulip), Dhanaraksha, LIC premia, and national savings certificates (NSC VI and VII series).

■ On how s.88 compares with s.80C. As s.88 does not allow deductions from income, the income-tax surcharge of 8% is payable on the total taxable income. Earlier, it was payable on the net taxable income. Thus, one will end up paying more under the new dispensation. For instance, if one's annual income is Rs 74,950, (i.e. under Rs 75,000), the tax liability works out to Rs 17,580. But on an income of Rs 75,050, the tax will be Rs 19,030, inclusive of surcharge. That is an additional tax burden of Rs 1,450 on an incremental income of just Rs 100.

Thus s.88 is punitive at higher levels of income. At lower levels, the incidence is just about the same.

■ On a beneficial investment strategy after s.88. An individual's investment priorities need not change even with s.88. However, with s.88 being punitive at higher levels of income, such assessees will have to invest more in eligible instruments to get the same tax benefit. For others, investments could be made in public provident fund (PPF), NSC's, Ulip, LIC's Dhanaraksha, and on life insurance itself, in that order, on yield considerations.

■ On company fixed deposits (FDs) as investment after s.88. Earlier, FDs were good at certain levels of income. Now, they have turned poisonous to the taxpayers, with a yield of 14% and a minimum tax of 20%. As FD incomes have no tax benefits, the effective yield from them works out to a meagre 11.2%. Do not go for FDs. However, investments can be made in them only by those who have exhausted the benefits under s.88. These individuals can go for FDs, increase their taxable incomes and then contribute more towards PPF and claim tax deductions. The game can go on like this.



■ On s.80CCA and s.80CCB. Investments in the national savings scheme (NSS) are covered under s.80CCA and in the equity-linked savings scheme under s.80CCB. With s.88 having eliminated the possibility of escaping from or minimising the income-tax surcharge, the only possibility of tax-saving is by investing in s.80CCA and s.80CCB instruments. As marginal tax is greater than marginal income after the changes, one should invest in NSS to bring the taxable income down and get out of the surcharge. For instance, if the taxable income is Rs 75,000, an investment of Rs 100 in NSS will do the trick. The taxable income will come down to Rs 74,900 and one is out of the jaws of surcharge.

■ On how the old s.80CC (investment in certain new shares) compares with its new avatar, s.88A. These sections have seen the greatest change in the Union budget. The tax benefit available under s.80CC will continue till 30 September and, later, the investment limit qualifying for tax rebates will go up from Rs 20,000 to Rs 25,000. The earlier 50% investment rebate will turn into a 20% tax rebate.

■ On LIC policy premia as investment now. Say no to LIC premia. Go in for a life insurance policy, only when you do not have the basic cover. Beyond that, do not touch LIC policies even with a bargepole. For s.88 benefits, one can always go in for a public provident fund, which yields more any time.

Last date for the receipt of entries: 20 June 1990

There's no entry fee, no risk. But there's Rs 5,000 to be won every fortnight. Here's how.

Every contestant is given a notional Rs 1 lakh to invest in shares. The money can be invested in upto five scrips listed on the Bombay stock exchange (BSE) at closing prices on a reference date specified by *BusinessWorld(BW)*. This notional portfolio will be evaluated by *BW* a month later (approximately). Three contestants, whose portfolios register the largest gains, will be entitled to cash prizes: Rs 2,500 being the first prize, Rs 1,500 the second, and Rs 1,000 the third. The names of all the winners will be published in *BW*.

THE RULES

The attention of contestants is drawn to Rule No.12. No hand-deliveries of entries will be accepted. Entries without post-marks will be automatically disqualified.

1. The notional amount to be invested is Rs 1,00,000.
2. Investments (in market lots only) can be made in any five companies' equity shares which are listed on the BSE.
3. Investments in debentures or securities other than equity shares are not permitted.
4. No investment can be made in scrips in which there has been no trading on the reference date for investment (13 June for Contest No.15).
5. Investments in scrips quoted below par value on the investment date cannot exceed 25% of the total (Rs 25,000).
6. The maximum amount investible in any one scrip is Rs 50,000.
7. Investments must be made on the basis of the closing prices of shares on a date specified by *BW*. **This time the date is 13 June 1990**. Quotations based on prices at stock exchanges other than Bombay will not be permitted.
8. The portfolio will be evaluated on a date (to be specified by *BW*) roughly one month after the investment date. **This time the date is 11 July 1990**. This too will be on the basis of the closing quotations of the BSE. The official list of the exchange will be the source for determining closing prices. Quotations published in newspapers, magazines or any other publication will not be accepted. In the event of there being any difference in the price quotations given by the contestant and the official list of the Bombay stock exchange, the investments will be deemed to have been made at the latter prices.
9. If the BSE is closed on the specified days, the closing quotations of the first subsequent trading day will be taken into account.
10. Any odd amount left uninvested in the notional portfolio will be assumed to have been deposited in a savings bank account earning an interest of 5% p.a.
11. Contestants will have the option either to invest the entire amount of Rs 1,00,000 (or part thereof) in equity shares or in a savings bank account. (This is just in case investors think stock values will crash and that the money is better invested outside the stockmarkets.)
12. All entries should be accompanied by a coupon (given below) bearing the contest number and must reach the editorial office of *BW* not later than the date specified. **For Contest No.15, the last date for the receipt of entries is 20 June 1990.** Envelopes should be sent by ordinary post only and must carry the following on the outside in big bold letters: *BW* INVESTOR CONTEST NO.15 (or whatsoever the contest number is). The envelope must be addressed to: The Editor, *BusinessWorld*, 145, Atlanta, 209 Ceremonial Boulevard, Nariman Point, Bombay-400 021.
13. In case of a tie, the money will be divided equally among the winners. For example, if the top two portfolios show the same level of appreciation, the prize money for the first and second prizes will be pooled and distributed to the two winners.
14. For the purpose of this contest, it will be assumed that no brokerage is paid for the purchase of shares.
15. Contestants can send in any number of entries, but each of them must be accompanied by the relevant coupon. Coupons for contest No.15 cannot be used for Contest No.16 and so on.
16. The decision of the Editor, *BusinessWorld*, will be final in deciding any disputes vis-a-vis this competition, which will not be open to any employee of the Ananda Bazar Group of Publications.

Winners of

INVESTOR CONTEST NO.11.

FIRST PRIZE (Rs 2,500): Sheela Poddar

Poddar's portfolio appreciated to Rs 1,44,050.21.

SECOND PRIZE (Rs 1,500): N.K. Goel

Goel's portfolio appreciated to Rs 1,39,301.67.

THIRD PRIZE (Rs 1,000): V. Kudva

Kudva's portfolio appreciated to Rs 1,37,377.83

In Contest No. 11, there seem to be newer names — if not addresses — among the winners. But the old predominance of Bombay-based participants continues even though we have tried to level the playing field somewhat by automatically disqualifying all contestants who don't send in their entries by post.

The evaluation date this time was shifted to 17 May since there was no trading on the Bombay stock exchange on 16 May. And the first prize in Contest No. 11 goes to Sheela Poddar, whose three-scrip portfolio of Kunal Engineering, Tata Yodogawa and Polar Industries earned her an appreciation of over 44%. Next in the pecking order is N.K. Goel of New Delhi (appreciation: 39%) and the third winner is V. Kudva, whose portfolio gained 37% over four weeks.

Congrats!

INVESTOR CONTEST NO.15 — ENTRY FORM

Name of scrip	Price on 13 June 1990	Number of shares purchased	Total investment
Total money invested from Rs 1 lakh capital			

Name:

Address:

GOODYEAR INDIA

UNDER SQUEEZE

Goodyear India Ltd. (GIL) has sprung a surprise. The one-for-one bonus issue from this Fera tyre company has come about at a time when the industry is worrying about its margins. GIL is the Indian subsidiary of Goodyear Tire & Rubber Company of the US, which holds about 60% of the former's equity.

For the year ended 31 December 1989, production of automotive tyres was higher by 8.1% at 6.51 lakh units despite irregular power supplies and frequent breakdowns of critical equipment. Production of automotive tubes too increased by about 7% to 6.57 lakhs. The company has plans to step up the production of ultra large earthmover tyres which are currently imported.

Costs escalate. The bottomline has taken a dip due to an escalation in input costs, higher overheads and burgeoning interest costs. Gross revenue during the year was higher by 21% at Rs 225.26 crores. However, due to a 32% rise in input costs, operating profits increased by just about 3% to Rs 24.25 crores. Interest expenses rose by 46% to Rs 2.75 crores.

Margins were under squeeze. The gross profit declined by 1% and the net profit by 5%. Thanks to its Fera status and lack of tax planning, the company continues to hand over more than half its pre-tax profits to the government. Even though the earning per share (EPS) declined marginally to Rs 9.83 from Rs 10.29, GIL has maintained dividend at 40%.

Exports during the year declined to Rs 1.45 crores from Rs 2.18 crores. But for 1990-91, the export drive has been stepped up and the company hopes to report orders worth Rs 2 crores.

Overhead expenses during the year were up by 27% to Rs 42.54 crores. Due to frequent breakdowns of equipment, the cost of repairs to plants and machinery more than doubled to Rs 6.32 crores. Employee costs were up by 17%.

Amendment challenged. For the last two years, the company has been writing back provisions no longer required amounting to about Rs 13 crores. If one excludes these non-recurring items, net profit during the year under review would have been only Rs 4.54 crores as against Rs 7.35 crores shown in the books. Based on a supreme court decision in GIL's own case, the company has written back excise duty, customs duty and purchase tax amounting to Rs 6.04 crores against Rs 6.85 crores in the previous year.

The company has also written back countervailing duty and refundable purchase tax relating to earlier years amounting to Rs 1.48 crores. Meanwhile, the Haryana government amended its Sales Tax Act in January with retrospective effect, thus nullifying the adjustment. The company has challenged the above amendment.

The company seems to have shown unnecessary urgency in expanding its equity base to Rs 15 crores with the recent bonus issue. Perhaps, the write-backs during the last two years have enabled the company to capitalise reserves.

Currently quoting at Rs 95 (15 May), the scrip discounts its EPS by about 10 times. However, if one excludes the writeback of provisions, the EPS of Rs 6.10 discounts its market price by about 16 times while MRF's price-earnings ratio is just around 8.

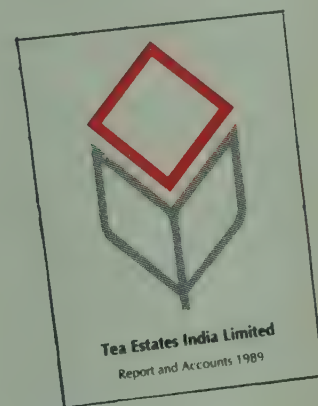
The scrip's 1989 high and low were Rs 125 and Rs 80. The recent budget has raised the specific rates of excise duty on tyres, tubes and flaps. Thus, it is advisable to remain away from this scrip for the time being. At Rs 95, one could disinvest.

GOODYEAR INDIA

(Rs crores)

	12 months ended 31 Dec 89	12 months ended 31 Dec 88
Gross revenue	225.26	185.88
Gross profit	21.50	21.70
Profit after tax	7.35	7.70
Equity capital	7.48	7.48
Reserves	54.24	49.96
Gross profit margin (%)	9.54	11.67
Return on net worth (%)	11.21	12.26
Dividend (%)	40.00	40.00
Earning per share (Rs)	9.83	10.29
Book value per share (Rs)	82.48	76.77

Source: Annual reports



TEA ESTATES

BOOM TIMES

The Nilgiris-based Tea Estates India Limited (TEIL) has brewed better results for the year ended 31 December 1989. The upsurge is evident in all the performance indicators — sales, margins, *et al.* And all this due to bullish tea prices.

The directors make no bones about it. "Tea prices rose to very remunerative levels," they admit. The bottomline was robust even though production of tea for the year, at 9,700 tonnes, was just 87% of the total recorded during calendar 1988. Moreover, the company had to supply 255 tonnes of tea at concessional prices in accordance with government directives.

But with prices buoyant, turnover zoomed to Rs 35.20 crores, a 35.59% improvement over the previous period. Profits at the gross and net levels set new records, with gross profits rising 200% to Rs 15.05 crores and net profit by more than 150%.

Margins, likewise, showed an upward trend, with gross margins rising from 17.34% to 40.66% and net margins from 10.84% to 20.26%.

Investor friendly. Other indicators too have turned investor-friendly.

TEA ESTATES INDIA

(Rs crores)	12 months ended 31 Dec 89	6 months ended 31 Dec 88
Gross revenue	37.01	13.55
Gross profit	15.05	2.35
Profit after tax	7.50	1.47
Equity capital	8.80	8.80
Reserves	15.74	13.52
Gross profit margin (%)	40.66	17.34
Return on net worth (%)	30.56	13.16*
Dividend (%)	60.00	40.00*
Earning per share (Rs)	8.52	3.34*
Book value per share (Rs)	27.88	25.36

*annualised

Source: Annual reports

While the earnings per share (EPS) have risen from an annualised Rs 3.34 to Rs 8.52, return on net worth has perked up from an annualised 13.16% to 30.56%. Even if revaluation reserves were to be excluded, the return on net worth has registered a hearty improvement — from 15.46% to 35.32%.

Thanks to all this, TEIL rewarded shareholders with a hefty 60% dividend, (including the interim dividend of 17.50%), against an annualised 40% for the last accounting period. However, payout has been lower at 70.40% against the whopping 119.72% paid out during the last period.

TEIL's share is quoted around Rs 150 (17 May), which yields a price-earnings (P/E) multiple of 17.60. With the industry average being higher at 19.72, this Unilever firm's share is a wee bit underpriced. The prospects in the medium term are brighter, for tea prices are expected to hold up during the current year. The shares of other good tea companies such as George Williamson and Tata Tea are quoting at higher P/E multiples. At a P/E of 15 to 16, the TEIL share would be very attractive.

FIRST LEASING

TRUNDLING ALONG

First Leasing Company of India Ltd. (FLCI) has reported a rise in profits, thanks to higher interest income and a change in the method of accounting for lease rentals. During the year ended 30 November 1989, lease rentals were higher by 35% at Rs 23.51 crores. Other income too rose from Rs 0.58 crores to Rs 2.23 crores. The change in the method of accounting for finance charges in respect of assets given on hire (from outstanding balance method to sum of digits method) has pushed profits up by Rs 2.72 crores.

Operating profit increased by 44% to Rs 24.06 crores (in a leasing company, the major heads of expenses are interest and depreciation). In FLCI's case, interest costs form more than one-third of total revenue and were up 44% in the year to November 1989.

Dividend maintained. Despite a rise of 26% in the depreciation provision to Rs 10.96 crores and a higher provision for minimum tax liabilities at Rs 54 lakhs (Rs 24 lakhs), the net profit has shot up by 167% to Rs 2.88 crores.

The higher profits, however, haven't led to higher dividends. The company has maintained dividend at 26%, thus bringing down the payout ratio from 152% to 57%. The earning per share (EPS) has improved from Rs 1.71 to Rs 4.57 despite the fact that operating and gross margins were almost stagnant. Net margin, however, almost doubled from 6% to 11.2%.

The debt-equity ratio has gone up from 3.4 to 4.2 times as loans increased by Rs 21.71 crores to Rs 71.78 crores. Proposals for raising borrowing limits by another Rs 21 crores are under evaluation by the company's bankers.

Meanwhile, the company has transferred certain assets to lessees after the expiry of their lease periods. The estimated loss of Rs 1.25 crores on such transfers has not been provided for. The directors say that the balance in the contingency reserve is adequate to cover the above loss.

Higher lease rentals. During the ongoing year (1989-90), the directors hope to achieve an asset growth of about Rs 48 crores, which should substantially push up lease rentals and profits. With the abolition of the minimum tax liability, EPS is expected to rise by a point since unabsorbed depreciation and investment allowance reserves will obviate the need for a tax provision. During the first four months of the current year, the company has earned lease rentals of Rs 12 crores against Rs 4 crores in the corresponding period last year. The company's lease arrangements are expected to generate higher rentals this year.

Leasing shares have appreciated recently following the abolition of the minimum tax on book profits in the 1990 budget. First Leasing has moved up from Rs 19 (pre-budget) to Rs 29 (15 May), which discounts its EPS by about six times. This is on a par with the industry's average. This scrip's 1989 high and low were Rs 20 and Rs 14 respectively; the 1990 high and low to-date have been Rs 34 and Rs 19 respectively.

FIRST LEASING CO. OF INDIA

(Rs crores)	12 months ended 30 Nov 89	12 months ended 30 Nov 88
Gross revenue	25.74	18.00
Gross profit	14.38	10.03
Profit after tax	2.88	1.08
Equity capital	6.30	6.30
Reserves	9.30	8.49
Gross profit margin (%)	55.87	55.72
Return on net worth (%)	16.84	7.30
Dividend (%)	26.00	26.00
Earning per share (Rs)	4.57	1.71
Book value per share (Rs)	24.76	23.40

Source: Annual reports

The scrip has jumped by about 50% in a short span. This leaves little scope for further appreciation. Fresh investments can be made only after the announcement of the terms of the proposed Rs 3 crore debenture issue. The scrip can be considered for long-term investment with an attractive yield of over 9%.

■ *M.C. Ved & A.H. Ghani*

RESULTS

JAY SHREE TEA

(Rs crores)	6 months ended 31 Mar 90	12 months ended 31 Mar 90	12 months ended 31 Mar 89
Net sales	89.36	140.56	103.34
Other income	—	—	—
Interest	N.A.	N.A.	8.06
Gross profit	15.76	31.87	8.20
Depreciation	9.61	14.63	6.38
Taxation	3.00	8.50	0.97
Net profit	3.15	8.74	0.85
EPS (Rs)			1.38
RONW (%)			3.96

Margins have vastly improved. The share is quoted around Rs 130 and the P/E multiple works out to 21 based on the annualised EPS. The company's equity capital and free reserves stand at Rs 6.15 crores and Rs 15.32 crores. With firm conditions in tea, the share is tipped to go up further.

INGERSOLL-RAND (INDIA)

(Rs crores)	6 months ended 31 Mar 90	6 months ended 31 Mar 89	15 months ended 31 Mar 89
Net sales	59.28	51.79	102.32
Other income	4.03	3.88	7.23
Interest	0.88	0.69	1.86
Gross profit	12.29	11.73	21.73
Depreciation	0.65	0.52	1.30
Taxation	3.34	3.86	7.22
Net profit	8.30	7.35	13.21
EPS (Rs)			6.69*
RONW (%)			27.15*

With the equity capital at Rs 15.78 crores and free reserves at Rs 23.12 crores, the EPS works out to an annualised Rs 10.52. At the market price of Rs 220, the P/E works out to about 21. The share is priced just about right.

GABRIEL INDIA

(Rs crores)	6 months ended 31 Mar 90	12 months ended 31 Mar 90	16 months ended 31 Mar 89
Net sales	23.90	44.55	45.01
Other income	—	—	—
Interest	1.03	2.13	2.87
Gross profit	1.84	3.27	3.44
Depreciation	0.60	1.20	1.38
Taxation	0.19	0.33	0.50
Net profit	1.05	1.74	1.56
EPS (Rs)		6.59	4.43*
RONW (%)		24.37	16.39*

Earnings have improved and so have the margins. The company's equity is Rs 2.64 crores and free reserves are at Rs 4.50 crores. The share is quoted at Rs 67.50, which yields a P/E of about 10. It looks good for short-term appreciation.

GUJARAT ALKALIES & CHEM

(Rs crores)	6 months ended 31 Mar 90	6 months ended 31 Mar 89	12 months ended 31 Mar 89
Net sales	56.11	44.65	88.40
Other income	0.33	0.72	1.33
Interest	4.75	2.31	5.18
Gross profit	13.06	9.31	15.69
Depreciation	6.43	4.22	8.88
Taxation	1.07	0.80	1.08
Net profit	5.55	4.28	5.73
EPS (Rs)			3.20
RONW (%)			11.72

Equity capital and free reserves stand at Rs 17.91 crores and Rs 30.96 crores, respectively. The share is quoted at Rs 83.50, which yields a high P/E of 26. The cash EPS is at Rs 10.46 due to higher depreciation. The share should be picked up at every fall.

HMM

(Rs crores)	6 months ended 31 Mar 90	12 months ended 31 Mar 90	12 months ended 31 Mar 89
Net sales	68.43	141.08	100.93
Other income	1.05	5.02	3.89
Interest	0.30	0.99	0.23
Gross profit	11.77	28.02	20.21
Depreciation	0.61	1.29	0.77
Taxation	3.61	9.21	6.16
Net profit	7.55	17.52	14.34
EPS (Rs)		12.36	10.11
RONW (%)		35.62	42.88

The company's margins have been maintained. An interim dividend of 28.5% has already been paid. The company's equity and free reserves stand at Rs 14.18 crores and Rs 35 crores,respectively. At Rs 287.50, the P/E works out to about 23.

HINDALCO INDUSTRIES

(Rs crores)	6 months ended 31 Mar 90	12 months ended 31 Mar 90	15 months ended 31 Mar 89
Net sales & other income	235.62	465.04	422.25
Interest	9.51	16.79	14.54
Gross profit	48.77	104.06	52.12
Depreciation	5.67	10.95	11.35
Taxation	13.70	28.70	12.60
Net profit	29.40	64.41	28.16
EPS (Rs)			12.62*
RONW (%)			23.64*

The results have vastly improved as the annualised EPS works out to Rs 32.94. The share is quoted at Rs 271.25, yielding a P/E of about 21. With the prospects for the aluminium industry brighter and the company's proposed diversification into steel, the share is a good buy.

COATES OF INDIA

(Rs crores)	12 months ended 31 Mar 90	17 months ended 31 Mar 89
Net sales & other income	40.76	43.58
Interest	2.14	2.16
Gross profit	3.68	4.35
Depreciation	0.42	0.47
Taxation	1.14	1.45
Net profit	2.12	2.29
EPS (Rs)		7.31*
RONW (%)		26.29*

The company has a low equity base of Rs 2.21 crores and free reserves stand at Rs 3.94 crores. The share is being quoted at Rs 131.25, which yields a P/E of about 18. It should be picked up at Rs 120 or below.

HYDERABAD INDUSTRIES

(Rs crores)	6 months ended 31 Mar 90	9 months ended 31 Mar 89	15 months ended 31 Mar 89
Net sales	67.55	94.75	143.88
Other income	2.27	4.51	5.86
Interest	0.90	1.84	2.85
Gross profit	6.32	6.88	11.74
Depreciation	1.07	1.25	2.32
Taxation	2.60	1.50	3.20
Net profit	2.65	4.13	6.22
EPS (Rs)		9.90*	8.95*
RONW (%)		13.35*	10.05*

Equity capital and free reserves of the company are at Rs 5.56 crores and Rs 35.70 crores, respectively. With earnings having perked up, the share is worth watching.

EICHER TRACTORS

(Rs crores)	6 months ended 31 Mar 90	12 months ended 31 Mar 90	12 months ended 31 Mar 89
Net sales	75.42	137.94	111.86
Other income	—	—	—
Interest	1.17	1.96	1.53
Gross profit	6.23	11.18	7.04
Depreciation	0.54	0.94	0.93
Taxation	1.83	3.30	1.37
Net profit	3.86	6.94	4.74
EPS (Rs)		10.52	7.18
RONW (%)		42.21	28.83

The company enjoys a 50% market share in HP tractors and plans are on to improve that share. At Rs 76, the P/E works out to 7.22. The company's equity is at Rs 6.60 crores and free reserves at Rs 9.84 crores. The share is worth a buy.

*Note: *denotes annualised figures: half-yearly figures are unaudited; RONW denotes return on net worth; quotations as on 18 May .*

BAJAJ AUTO

(Rs crores)

	12 months ended 31 Mar 90	9 months ended 31 Mar 89
Gross revenue	1,064.76	624.24
Interest	24.50	14.81
Gross profit	163.63	72.97
Depreciation	62.49	37.97
Taxation	36.00	4.50
Net profit	65.14	30.50
EPS (Rs)	34.63	21.62*
RONW (%)	27.30	18.94*

The company is set to improve its performance further, thanks to a 36% rise in exports and a productivity agreement signed with workers. A dividend of 110% has been proposed. At Rs 420, the P/E works out to 12.13. The share has the potential to be quoted at a P/E of 14-15. Equity capital and free reserves of the company stand at Rs 18.81 crores and Rs 219.78 crores, respectively.

BASF

(Rs crores)

	6 months ended 31 Mar 90	6 months ended 31 Mar 89	12 months ended 31 Mar 90
Net sales	40.08	35.99	82.34
Other income	2.92	2.45	5.01
Interest	2.12	1.51	4.14
Gross profit	4.80	4.42	10.50
Depreciation	1.30	1.33	2.47
Taxation	0.42	1.64	2.60
Net profit	3.08	1.45	5.43
EPS (Rs)			12.74
RONW (%)			32.80

The share is quoted at Rs 162.50 and this yields a P/E of about 13. The company is a bonus candidate and is known for its liberal dividends. Equity and free reserves stand at Rs 4.26 crores and Rs 12.29 crores, respectively.

CENTURY TEXTILES

(Rs crores)

	9 months ended 31 Mar 90	15 months ended 31 Mar 90	12 months ended 31 Dec 88
Net sales & other income	604.06	897.92	521.27
Interest	N.A.	N.A.	27.54
Gross profit	104.24	146.25	64.39
Depreciation	51.01	70.93	42.15
Taxation	9.90	13.00	3.00
Net profit	43.33	62.32	19.24
EPS (Rs)	217.03*	187.29*	72.28
RONW (%)	36.78*	31.75*	12.25

At a quote of Rs 3,270, the P/E of Century Textiles works out to 15.07. Margins have cheered up. The equity of the company is at Rs 26.62 crores and free reserves are at Rs. 130.38 crores. The share has the potential for marginal appreciation in the short term.

SADHANA NITRO CHEM

(Rs crores)

	6 months ended 31 Mar 90	6 months ended 31 Mar 89	9 months ended 31 Mar 89
Net sales	7.86	3.71	5.85
Other income	1.00	0.36	0.60
Interest	0.13	0.08	0.10
Gross profit	1.22	0.41	0.62
Depreciation	0.33	0.21	0.32
Taxation	0.29	0.03	0.04
Net profit	0.61	0.17	0.26
EPS (Rs)			6.08*
RONW (%)			22.36*

Equity capital and free reserves of the company are at Rs 0.57 crores and Rs 0.98 crores, respectively. The share is quoted at Rs. 162.50, which yields a P/E of about 27. The share is a bit overpriced.

ORIENT PAPER

(Rs crores)

	6 months ended 31 Mar 90	12 months ended 31 Mar 90	12 months ended 31 Mar 89
Net sales & other income	107.89	192.49	151.57
Interest	4.97	9.48	6.26
Gross profit	10.44	16.17	8.23
Depreciation	3.92	7.71	7.10
Taxation	1.05	1.37	0.20
Net profit	5.47	7.09	0.93
EPS (Rs)		6.19	0.81
RONW (%)		15.14	1.98

The performance has improved immensely, with margins looking up. Gross margin has moved up to 8.40% from 5.43% and net margin from 0.61% to 3.68%. The share is quoted at Rs 82.50 and this yields a P/E of 13.33. The equity capital and free reserves of the company stand at Rs 11.45 crores and Rs 35.35 crores, respectively. The share is worth a pick.

MANGALAM CEMENT

(Rs crores)

	6 months ended 31 Mar 90	12 months ended 31 Mar 90	15 months ended 31 Mar 89
Net sales	22.24	40.10	48.78
Other income	—	—	—
Interest	N.A.	N.A.	0.58
Gross profit	3.35	5.32	6.87
Depreciation	2.06	3.12	4.02
Taxation	1.19	1.40	1.05
Net profit	0.10	0.80	1.80
EPS (Rs)		1.12	2.02*
RONW (%)		4.07	7.87*

Earnings per share have dipped. The share is quoted at Rs 33, which yields a P/E of about 16. The company's equity and free reserves are at Rs 7.11 crores and Rs 12.52 crores, respectively. A switch to ACC is recommended.

SAKTHI FINANCE

(Rs crores)

	6 months ended 31 Mar 90	12 months ended 31 Mar 90	12 months ended 31 Mar 89
Net sales & other income	14.26	24.06	19.84
Interest	N.A.	N.A.	N.A.
Gross profit	3.83	7.57	7.26
Depreciation	2.53	4.39	3.14
Taxation	0.52	0.52	0.64
Net profit	0.78	2.66	3.48
EPS (Rs)		8.60	11.26
RONW (%)		25.14	32.89

Margins have dipped and so have other profitability indicators. The company's equity capital is at Rs 3.09 crores and free reserves are at Rs 7.49 crores. The share is quoted at Rs 39, which yields a P E of 4.53. Disinvestment can be considered

MAHARASHTRA SCOOTERS

(Rs crores)

	6 months ended 31 Mar 90	12 months ended 31 Mar 90	12 months ended 31 Mar 89
Net sales	62.07	123.80	95.87
Other income	—	—	—
Interest	1.13	2.76	3.50
Gross profit	5.60	16.96	11.19
Depreciation	0.25	0.60	0.58
Taxation	1.50	4.00	3.20
Net profit	3.85	12.36	7.41
EPS (Rs)			25.90
RONW (%)			24.45

Equity capital and free reserves of the company are at Rs 2.86 crores and Rs 27.44 crores, respectively. The share is quoted around Rs 405, which gives a P/E of about 16. The scrip is reasonably priced and should be picked up at a fall.

BHARAT GEARS

(Rs crores)

	8 months ended 31 Mar 90	6 months ended 31 July 89	14 months ended 31 Mar 90
Net sales & other income	40.02	16.58	56.60
Interest	3.45	.90	5.35
Gross profit	3.59	0.23	3.82
Depreciation	2.20	1.20	3.40
Taxation	—	—	—
Net profit	1.39	(0.97)	0.42
EPS (Rs)	5.18*	—	0.89*
RONW (%)	20.30*	—	3.49*

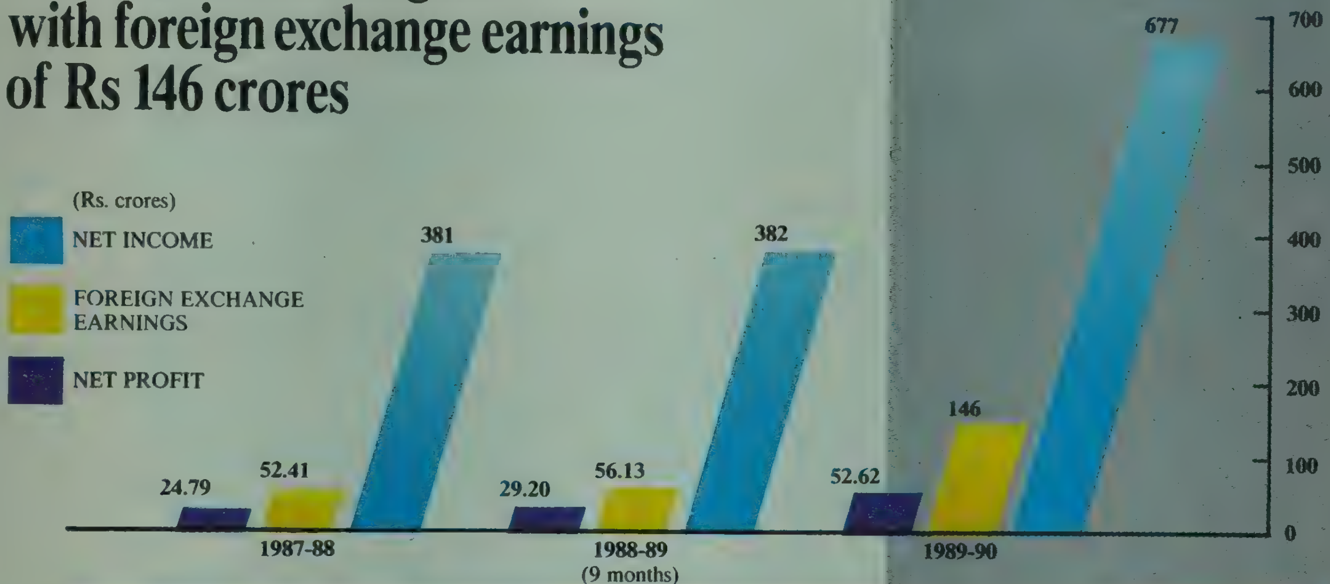
Working has improved so significantly that at the market price of Rs 35, the P/E works out to just about 6.76. Equity and free reserves stand at Rs 4.03 crores and Rs 6.24 crores, respectively. Buy.

*Note: *denotes annualised figures; half-yearly figures are unaudited; RONW denotes return on net worth; Quotations as on 18 May.*

Record all-round performance

I.T.C. Limited

ITC scales new heights with foreign exchange earnings of Rs 146 crores



Financial Results for the year to 31st March, 1990

			12 Months Ended 31.03.90 (Rs in Crores)	6 Months Ended 31.03.90 (Rs in Crores)	3 Months Ended 31.03.89 (Rs in Crores)	9 Months Ended 31.03.89 (Rs in Crores)
I	INCOME					
	Sales		1807.56	953.94	361.73	1058.65
	Other Income		19.74	7.81	2.53	8.99
		(A)	1827.30	961.75	364.26	1067.64
II	EXPENDITURE					
	Raw Materials, etc.		336.69	178.40	60.43	185.37
	Duties		1150.42	595.88	232.70	685.97
	Wages		64.71	31.73	10.52	38.14
	Interest		26.47	11.99	4.45	14.94
	Other Manufacturing, Selling, etc. Expenses		150.08	83.94	34.19	90.22
		(B)	1728.37	901.94	342.29	1014.64
III	GROSS PROFIT (A-B)		98.93	59.81	21.97	53.00
	Provision For Depreciation		8.31	4.21	1.94	5.79
	Provision For Taxation		38.00	23.35	5.25	18.01
IV	NET PROFIT (AFTER DEPRECIATION/TAXATION)		52.62	32.25	14.78	29.20
V	FOREIGN EXCHANGE EARNED		145.97	94.31	24.77	56.13

NOTE : The above is as per Stock Exchange Regulation and does not take into account the tax and excise claims disputed by the Company.

Registered Office:
Virginia House
37 Chowringhee Calcutta-700 071
Dated: 17th May, 1990

By order of the Board:
I.T.C. Limited
N.K. Ghoshal
Secretary

India Tobacco Division • Indian Leaf Tobacco Development Division • Packaging & Printing Division • Agri-businesses Division • Welcomgroup—Hotels Division • Exports Division

Japanese state-of-the-art.

VIDEOCON

AIR CONDITIONERS

Introducing Videocon Air Conditioners. Manufactured under D & D supply agreement with Matsushita Electric Company, Japan, the owners of brand name 'National'.

In technology that's state-of-the-art or in artisitc pursuits, the Japanese are born inventors, innovators.

Now, Videocon brings home Japanese expertise through air conditioners that incorporate the world's most advanced technology.

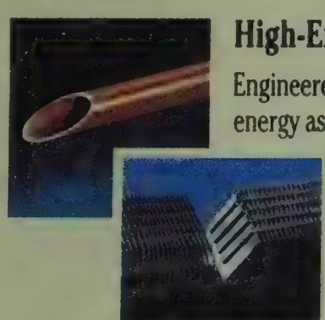
High Performance Rotary Compressor

It's what separates the Videocon Air Conditioner from all other air conditioners in India. A compressor so compact, with cooling efficiency that's at par with International Standards. At the same time the design is tough enough to withstand Indian tropical conditions.

Super Quiet Operation

The Videocon Air Conditioner incorporates an ultra thin heat exchanger and specially designed sirocco fan, propeller fan, fan motor and rotary compressor. What's more, the rotary compressor is mounted on a vibration-absorbing rubber base and the entire air conditioner housed in heavy insulation.

All this gives you a whisper quiet operation.

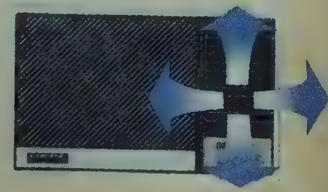


High-Energy Efficiency Design

Engineered to operate on as little energy as possible, it can save on electricity bills. All this being possible due to the Louver Fins, Grooved Copper Tubing and the Rotary Compressor.

4-Way Air Deflection System

At the touch of a switch, you can control the air direction from side to side. While the louvers adjust the vertical air flow.



One Touch Air Filter

Quick, easy sliding of the filter, without removing the grill facilitates cleaning. You don't have to rely on a technician.

Super Service

The Videocon factory-trained technicians posted in every city can give you service that's most prompt and reliable.

So, add a touch of Japanese art in your home. Make room for the Air Conditioner most advanced and elegant.

Yes, I am impressed with the features of the Videocon Air Conditioner.
Please send me more information on the product.

Name: ____________________

Designation: ____________________

Organisation: ____________________

Address: ____________________

Mail Coupon to: **Videocon International Ltd.**
Post Box No. 11741
Nariman Point, Bombay 400 021.

1.5 ton Air Conditioners in Ivory White and Wood Grain finish.

1 year warranty

Exceptional. Sensational. So National.

JAISONS VA 390

STEADY MONEY

FRIEND OF THE AGED

Every day, thousands of people retire. On retirement, their regular incomes cease. They move into a new lifestyle with new needs and new insecurities. Most of them may have frequently thought about their approaching retirements, but few actually plan out their post-retirement lives.

Now that the young are setting up their own establishments almost immediately after marriage and with the joint family system fast breaking up, the old and the retired are left to fend for themselves. The problem is getting so acute that many charitable institutions have started setting up homes for the aged.

As no self-respecting person at the end of his career and in the closing years of his life would like to survive on doles and charity, there has been a growing need for an alternative source of income. While some countries have solved this problem by providing state assistance to the old, in most of the advanced countries of the west, voluntary pension schemes are offered by insurance companies and pension funds to take care of the needs of the retired in old age.

In India, the Jeevan Akshay scheme has been devised by the Life Insurance Corp. (LIC) just to provide for the retired. Retirement benefits like provident fund accumulations and gratuity and maturity proceeds of insurance policies can be ideally invested in Jeevan Akshay to provide for a safe and regular income after retirement. The salient features of the policy are:

- In return for the purchase price paid by the investor, a monthly pension is paid during his lifetime. The last payment falls due prior to the date of death of the pensioner. No medical examination is necessary to get the policy.
- Post-dated monthly cheques are sent in advance for a whole year. No existence certificate is required for the receipt of pensions.
- Pension cheques are payable at par at all branches of the Central Bank of India and such other nationalised banks which the LIC may notify.
- On the death of the pensioner, the original amount invested, along with an additional bonus, is returned to the nominee or his legal heirs.
- For every Rs 10,000 invested, the pension payable is Rs 100 per month.
- The minimum age at entry is 50 years. There is no restriction as regards the maximum age at entry.

The benefits of this plan are meant for employees as a class who retire without pension benefits or with inadequate pension benefits. The self-employed, including professionals such as doctors, artists, lawyers, accountants, engineers, architects etc., may also be covered under this plan.

Since the pension is payable monthly, the gross annual return works out to nearly 12.7% — an excellent return by any standard on a safe, long-term investment. The plan guarantees such a return during the lifetime of the pensioner which can be as long as 20 years or more. No other investment guarantees such a high rate of return for such a long period. The rate of return is guaranteed even if the rate of return on similar investments falls in the future.

Jeevan Akshay policies enjoy various tax benefits:

(1) Under s.80CCA, the purchase price paid, upto Rs 30,000 a year, is entitled to 100% deduction from income for tax purposes. This limit has now been raised to Rs 40,000 from the financial year 1990-91 onwards.

(2) It is a well-settled principle of law that any annuity received is liable to tax only in the year of receipt. However, the benefit of standard deduction can be tapped by the salaried even after retirement on the annuity amounts received by them.

(3) The purchase price (original investment) receivable on an annuitant's death is a return of capital and, hence, not taxable, regardless of whether the amount is received by the nominee or the legal heirs of the deceased.

(4) An exemption upto Rs 5 lakhs from wealth tax under s.5(1)(vi) of the Wealth Tax Act is available.

In sum, Jeevan Akshay may not only prove to be a tax-efficient method of investment but it also provides for a carefree retired life. The pension corpus or the original investment remains intact notwithstanding the regular monthly payment made out of it. You eat the cake and have it too. At the same time, you leave a legacy to benefit your wife and children.

The LIC recently liberalised the terms of this scheme. A proposer can now opt for a reduced uniform pension, together with a survival benefit of 30% of the invested amount (guaranteed insurance sum) payable at the end of seven years from commencement, and a death benefit equal to the balance of the invested amount plus bonus. The pension payable monthly under this option will depend on the age of the pensioner (on his last birthday) at the time of commencement, and will continue till death irrespective of the payment of survival benefit.

The pension amount will range from Rs 87.50 a month at 50 years to Rs 89.50 at 60 years and above, for every Rs 10,000 invested compared with the uniform rate of Rs 100 per month under the existing plan. However, the survival benefit at the end of seven years will be treated as income during that year and, consequently, is liable to be taxed.

■ *M.D. Mukhi*

The author is the president of the merchant banking division of Batlivala & Karani.

IN A NUTSHELL

Scheme: LIC's Jeevan Akshay. Provides life-long pension and tax saving.
Interest: 12% per annum.
Mode of payment: Monthly.
Maturity: Life-long.
Minimum & maximum amounts investible: Minimum Rs 10,000 a year, and Rs 40,000 a year for maximum tax benefit. Cheques for purchasing policies are payable to the "Life Insurance Corporation of India."
Tax benefits: (1) Entire amount paid upto Rs 40,000 a year eligible for income-tax relief under s.80CCA; (2) Wealth tax exemption upto Rs 5 lakhs; (3) No deduction of tax at source.
Eligibility: Only individuals.
Other features: (1) Age at entry 50 years or more; (2) Post-dated monthly pension cheques; (3) On death, the nominee will get back the invested amount with bonus; (4) Survival option after seven years.
Recommendation: Good for elderly persons for tax planning and post-retirement income.

EXCITING MINIS

The youth of the world may bow in silent awe to the inventor of minis, but not stockmarket watchers. Surprisingly, minis do not attract much institutional interest, perhaps because small companies are either low on profits or narrow in paid-up capital. More often than not, myopic institutional investors are too old to get excited with minis. Here's a sampling of worthwhile minis:

EMA India is a Kanpur-based engineering company which went public with a small issue at a premium of Rs 5. With an uninterrupted dividend record for the last 14 years and two bonus issues in the last five years, the company is certainly on a good wicket. Gehring and Ema of West Germany are the major shareholders. On a share capital of Rs 1 crore, the company earned a post-tax profit of Rs 57.84 lakhs for the year ended 31 March 1989. The current year is expected to be equally good and a bonus is due. At Rs 49 (15 May), it is a good buy. Let the German connection not put you off — the initial cold could turn comfortably warm in the long run.

Indian Steel Rolling Mills (ISRM), a Tisco-managed company, has fared better recently. For the six months ended 30 September 1989, ISRM had posted a turnover of Rs 17.74 crores and a net profit of Rs 1 crore. The earning per share (EPS) for the six months works out to Rs 5.

Remember what happened to other mini-steel companies taken over by Tisco and how magnificently the shares have performed? At Rs 70, the ISRM share may look expensive, but not after a year or two. Against a paid-up capital of Rs 2 crores, reserves were placed at Rs 1.29 crores as on 31 March 1989. Pick it up for a date, and it sure won't disappoint you.

Applied Electronics (Aplab), an industrial electronics unit, is not everybody's cup of tea, but it is certainly worth a second look, atleast for its glamorous fundamentals. The current year ending on 30 September 1990 is a silver jubilee year for Aplab and shareholders may not be let down. Though the results for the first six months of the current year were not up to mark, Aplab has exciting products lined up for launch and a major expansion at Pune (Maharashtra) is on the anvil. The share is quoted around Rs 46. If investors get the message and pick up the right signals, they should be in clover.

Deepak Nitrite Ltd. (DNL) manufactures chemicals, and nitric acid is its breadwinner. For the half-year ended 30 September 1989, DNL reported a turnover of Rs 17.88 crores and a gross profit of Rs 2.63 crores. The company is going ahead with a major expansion costing Rs 52 crores. The EPS for the current year ending 31 March should exceed Rs 10. A bonus and a rights issue are distinct possibilities. The share is quoted around Rs 95 (15 May) and is a good pick up for a long-term affair.

Flakt India Ltd. (FIL) recently announced a dividend of 18% on an enhanced post-bonus capital. Being in a vital industry such as pollution control, to which the National Front government has accorded much priority, the vital statistics of FIL are exciting. A lot of growth could come about in the future. With an increase in exports to the USSR, the future is bullish. At Rs 75, the share is still a good buy.

Super Sales Agencies (SSA) hails from the stable of the Lakshmi group of the south. It has a paid-up capital of Rs 1.50 crores and reserves aggregating Rs 2.92 crores as on 30 November 1988. It reported an EPS of Rs 9.50 per share for the six months ended 30 September 1989. With divisions working well and exports picking up (notwithstanding the strike in its KD Textiles division, which has since been called off), the company is a good long-term bet. Progress during the ongoing year should be rapid and exciting.

■ *L.V. Sharma*
The author is a Bombay-based investment consultant.

A WINNER'S ADVICE

Dilip P. Karani, a three-time winner in BusinessWorld's *Investor Contests, has some simple bits of advice on how to pick winning scrips. All it needs is a keen study of fundamentals and a close watch on corporate developments, he says. Hear him in his own words:*

"For the last couple of years, I have been taking interest in the share market and I keep myself abreast with the working of companies through their reports, balance-sheets and their performance record. I also note what the critics write about them in different newspapers and magazines. This reading provides me with details regarding the share capital, free reserves, net profit, and the highs and lows of share prices.

"Sometimes I just depend on a market tip and on my own hunches to go in for an investment, but this is done very rarely. By and large, I prefer to compare the workings of selected companies and then decide on investing in a scrip. As far as *BW*'s Investor Contests are concerned, in the beginning I went for the lowest-priced scrips to maximise gains; but now, with the change in rules, the contest is more evenly based and will test the overall knowledge of contestants."

"According to me, the following five shares are good for long-term investments: Ferro Alloys Corp., SAE (I) Ltd., JBF Industries, Sterlite Industries, and Indian Rayon."

The most famous cars in India ride on Dunlop Radial Class tyres.

Toyota, Mercedes Benz, BMW and Honda.

Not to forget Maruti, Contessa, Premier 118 NE and Standard 2000.

HOW TO MAKE A TOYOTA GO AH SO.

Dunlop Radial Class has soft-flex walls that make it the radial with the maximum cushioning.

So if you have a yen for luxury, make a trip to your nearest Dunlop dealer.

DUNLOP
RADIAL CLASS
DUNLOP IS DUNLOP. ALWAYS AHEAD.

Some possessions define a character.
Some distinguish it.

Chancellor
Exclusive Filters

A cigarette so distinguished,
It's by appointment to your majesty.

VITAL STATISTICS

Company (The figures following the company name indicate face value and market lot in that order)	Eq Cap RsCr	Free Res RsCr	Revl Res RsCr	Book Value Rs	Gross Sales RsCr	Other Inc RsCr	Gross Profit RsCr	GrPr Mgn (%)	PAT RsCr	Adj PAT RsCr	Cash Earn RsCr	EPS Rs	Ret/Net Worth (%)	Div (%)	Pay Out (%)	Mkt Price 24May	P/E Multiple	Last Bonus Ratio	Last Bonus Year	Bonus % in Cap	MarketPrice 1989 High Rs	MarketPrice 1989 Low Rs	MarketPrice 1990 High Rs	MarketPrice 1990 Low Rs	Yield on Mkt Price (%)	Price to BkVal Times
AbacusComp(10/100/d)	1.4	0.2	0.0	11.3	10.2	0.1	0.45	4.3	0.26	0.29	0.37	2.27	12.9	8.0	48	14.00	6.16	0.00	_	0	10	4	NA	NA	6.99	1.24
AbanLoyd(10/100/e)	4.0	0.9	0.0	12.3	13.9	0.0	3.65	26.2	1.12	1.12	3.44	2.82	23.0	10.0	28	38.00	13.47	0.00	_	0	41	14	48	37	2.05	3.10
AbbotLab(10/50/g)	2.3	2.6	0.0	21.5	34.5	0.3	0.69	2.0	0.22	0.97	0.58	1.30	3.4	0.0	NA	32.50	24.93	89:1	80	40	73	38	55	33	NA	1.51
ACC(100/5/a)	56.0	81.3	0.0	245.3	537.2	16.3	26.89	4.9	-5.64	-23.61	18.71	-6.72	-6.2	0.00	NA	474.50	NA	1:5	86	33	374	230	475	229	NA	1.93
AdvaniOer(10/100/b)	7.0	8.9	2.6	22.7	122.0	1.8	4.57	3.7	0.84	0.90	3.37	1.80	3.0	10.0	117	21.00	11.67	1:1	86	46	18	8	21	15	7.14	0.92
AlembicChem(100/5/c)	4.1	9.1	7.2	319.7	84.2	1.7	3.55	4.1	1.70	1.74	3.23	34.39	10.0	18.0	36	280.00	8.14	1:3	66	18	450	260	440	280	5.37	0.88
AlfaLaval(10/50/d)	7.8	19.0	0.0	34.3	68.2	4.3	9.86	13.6	7.77	7.77	7.86	12.42	23.2	20.0	17	110.00	8.86	1:2	89	63	140	72	130	95	1.51	3.20
AmalRasayan(10/50/e)	1.5	2.5	2.3	26.6	22.4	0.4	3.60	15.8	2.35	2.35	3.42	15.88	37.5	25.0	16	62.50	3.94	0.00	_	0	148	19	83	58	4.00	2.35
AmritBan(10/100/e)	2.1	13.9	6.9	77.3	221.7	3.4	6.01	2.7	-0.81	0.93	6.01	-4.11	-3.7	10.0	24	51.25	NA	1:1	89	39	118	80	56	38	1.98	0.66
AntifricBear(10/100/e)	3.2	6.0	0.0	28.6	41.9	1.1	6.05	14.1	2.67	2.68	4.60	8.08	28.3	20.0	25	67.00	8.29	1:2	81	23	60	9	74	60	3.00	2.34
AP Paper(100/5/f)	5.6	6.8	0.0	220.1	69.7	1.1	3.97	5.6	2.21	2.21	3.97	29.44	23.8	0.0	NA	1015.00	34.48	1:4	80	20	830	67	1100	625	NA	4.61
AppleInds(10/50/b)	3.8	1.9	0.0	15.1	11.3	0.1	4.38	38.6	2.53	2.41	4.05	10.12	29.8	23.3	54	36.00	3.56	0.00	_	0	35	12	43	23	9.70	2.39
ArvindMills(10/50/d)	7.1	34.6	0.0	58.5	190.0	5.8	10.16	5.2	3.95	5.14	9.46	6.92	7.6	24.0	32	52.50	7.58	1:3	86	55	44	25	55	48	4.41	0.90
Asea Br Bv(10/50/h)	5.3	16.6	8.9	41.4	139.2	4.9	4.52	3.1	3.10	3.51	4.21	5.38	11.0	25.1	34	77.50	14.40	1:3	78	30	910	600	95	55	2.96	1.87
AsianBearings(10/50/e)	7.4	3.6	0.0	14.8	15.5	0.9	0.61	3.7	-1.54	-0.61	0.14	-2.07	-14.0	0.0	NA	17.00	NA	0.00	_	0			NA	NA	NA	1.15
AsianCab(10/50/e)	5.6	7.3	6.2	23.1	65.4	3.6	5.19	7.5	2.49	3.62	4.69	3.81	11.2	12.0	21	30.00	7.87	1:3	81	25	72	26	38	27	4.00	1.30
AsianPaints(10/50/d)	12.4	41.0	0.0	43.0	272.1	1.7	24.25	8.9	15.12	13.49	18.25	15.12	22.5	33.6	39	235.00	15.54	1:2	87	86	231	161	255	208	1.79	5.47
Assam Co(10/50/f)	7.0	26.0	0.0	47.2	46.1	0.9	12.48	26.6	8.81	8.81	9.98	9.44	35.6	66.7	40	117.50	12.45	1:1	89	50	138	65	149	112	4.26	2.49
Astra-IDL(10/50/f)	2.5	3.0	0.0	21.9	14.0	0.2	1.47	10.4	0.92	0.92	1.23	2.76	22.4	13.3	27	47.50	17.21	0.00	_	0	55	24	48	38	2.11	2.17
AtlasCopco(10/50/d)	7.3	7.8	0.0	20.7	56.7	3.0	2.69	4.5	0.70	0.59	2.39	1.21	3.7	8.0	124	35.50	29.41	1:2	87	82	57	32	49	33	2.84	1.71
AtlasCycle(10/50/f)	1.2	7.6	7.0	76.3	76.8	1.7	2.02	2.6	1.10	1.10	2.02	6.98	9.1	20.0	16	67.50	9.67	1:2	87	80	150	80	80	67	2.19	0.89
AveryIndia(10/50/d)	4.2	11.9	0.0	38.3	44.0	0.9	9.27	20.7	4.02	4.07	4.87	11.96	20.0	28.0	36	120.00	10.03	2:5	84	58	169	93	124	120	2.92	3.13
A.Sarabhai(10/50/e)	18.8	23.1	0.0	22.3	134.8	2.6	4.78	3.5	3.39	2.40	4.61	1.81	8.1	0.0	NA	17.75	9.83	1:5	82	17	26	12	26	11	NA	0.80
BajajAuto(10/50/f)	18.8	346.6	0.0	194.3	599.5	24.7	72.97	11.7	30.50	30.40	68.47	12.16	11.1	46.7	22	448.75	36.90	1:1	87	95	453	290	468	355	0.78	2.31
BajajElec(100/5/f)	1.9	6.6	2.9	443.8	70.0	2.3	2.99	4.1	1.65	1.55	1.90	64.45	19.2	33.3	15	700.00	10.86	1:1	89	50	1450	600	700	540	1.79	1.58
BajajHind(100/5/a)	5.6	23.0	39.9	510.0	75.1	1.5	4.04	5.3	0.60	1.33	3.30	7.14	1.3	18.0	50	550.00	77.00	1:4	86	95	600	380	560	360	2.18	1.08
BajajTempo(10/50/b)	6.6	30.8	0.0	56.7	259.1	4.8	27.73	10.5	3.65	3.73	27.48	8.30	6.5	13.3	35	147.50	17.78	1:1	86	87	152	100	170	118	1.36	2.60
BakeliteHyl(10/50/f)	4.5	10.1	9.4	32.4	55.8	2.2	3.57	6.2	1.66	1.88	3.07	2.77	9.2	18.7	34	33.75	12.20	2:3	80	78	61	24	49	29	4.15	1.04
BallarpurInds(10/100/f)	21.0	66.2	187.5	41.5	364.6	8.1	28.05	7.5	11.65	11.70	25.70	4.11	5.6	24.0	33	162.50	39.58	1:2	89	74	225	64	163	112	1.11	3.91
BarodaRayon(100/5/f)	18.0	32.4	0.0	280.0	132.9	1.0	18.25	13.6	11.30	11.33	16.15	46.74	29.7	20.0	17	875.00	18.72	1:2	82	23	837	285	910	618	1.23	3.12
BASF(10/50/d)	4.3	11.1	2.6	36.2	84.6	5.3	10.32	11.5	3.63	3.47	6.39	10.59	16.0	20.0	26	155.00	14.63	1:2	88	56	155	102	163	123	1.36	4.29
Bata(10/50/e88)	10.5	17.5	0.0	26.7	259.0	0.4	4.81	1.9	1.41	2.46	3.36	1.34	5.0	10.00	43	71.00	52.87	1:1	87	93	159	52	82	64	1.41	2.66
Bayer(100/5/d)	16.2	15.6	0.0	196.0	162.3	2.3	17.71	10.8	9.32	9.25	12.10	71.82	23.5	24.0	53	840.00	11.70	1:1	87	78	910	580	880	800	3.57	4.29
BergerPaints(10/100/f)	3.8	9.9	3.3	36.0	65.9	0.6	1.46	2.2	0.94	0.94	1.32	1.86	7.4	26.7	30	39.00	21.02	1:1	88	52	76	37	53	38	1.89	1.08
Best&Cromp(10/50/e)	7.1	19.1	2.3	37.0	145.4	2.5	2.81	1.9	0.53	0.53	1.98	0.73	1.8	10.0	90	37.50	51.06	3:5	82	27	96	31	59	37	1.77	1.01
BhadrachalamP(10/50/b)	10.6	19.8	0.0	28.8	101.1	0.7	12.08	11.9	6.01	6.94	10.87	8.40	13.0	23.3	54	91.25	10.86	0.00	_	0	121	31	124	80	3.84	3.17
BharatForge(10/50/b)	14.2	25.7	0.0	28.1	235.1	12.8	22.07	8.9	12.33	12.84	19.32	12.99	20.6	25.0	21	100.00	7.70	1:1	88	61	202	65	101	85	1.85	3.56
BharatVijay(100/5/d)	2.8	10.9	6.8	493.1	78.4	1.7	6.92	8.6	3.96	3.81	7.25	178.70	15.5	20.0	18	550.00	3.08	1:6	83	54	895	525	550	480	4.53	1.12
BiharAlloy(10/50/d)	8.2	0.9	0.0	11.1	113.1	1.4	6.12	5.3	2.84	2.77	5.96	4.10	23.6	0.0	NA	27.50	6.71	0.00	_	0	51	32	40	24	NA	2.47
BimetalBearings(10/50/f)	1.9	10.9	0.0	67.1	16.9	0.5	4.33	24.8	2.16	2.16	3.08	8.48	22.5	36.7	25	92.50	10.91	1:1	89	52	145	41	93	80	3.00	1.38
BindalAgro(10/50/e/88)	14.9	42.5	0.0	38.6	103.7	2.7	8.52	8.0	7.53	7.53	8.52	5.07	13.1	50.00	24	68.75	13.56	0.00	_	0	120	22	80	55	1.80	1.78
BirlaJute(10/100/e)	20.4	168.0	0.0	92.5	401.8	15.9	31.16	7.5	11.04	11.04	29.06	5.42	5.9	18.0	33	79.00	14.58	1:1	86	86	74	40	83	52	2.28	0.85
BlueStar(10/50/f)	3.6	11.9	5.3	43.4	101.0	9.2	4.36	4.0	2.72	2.72	3.65	5.73	17.4	24.0	24	78.00	13.62	3:5	86	83	83	54	85	70	2.31	1.80
BombayDyg(10/50/e)	11.2	70.7	0.0	72.9	356.1	4.8	41.83	11.6	18.03	18.03	38.52	16.04	22.0	30.0	19	208.50	13.00	1:1	79	87	210	104	231	173	1.44	2.86
Boots(10/50/e)	8.1	8.8	0.0	20.8	61.0	1.7	8.49	13.5	4.43	3.86	5.57	5.47	26.3	23.0	48	105.00	19.20	1:1	87	86	148	100	138	90	2.19	5.04
Britannia(10/100/g)	18.6	22.0	0.0	21.8	355.4	8.5	20.54	5.6	10.99	10.99	12.84	7.89	20.3	24.0	36	116.25	14.73	1:2	89	89	140	82	118	52	1.83	5.33
BrookeBond(10/50/e)#	44.2	39.8	0.0	19.0	539.4	12.3	51.91	9.4	27.99	28.66	6.98	6.20	32.7	30.0	46	117.00	19.03	4:5	89	83	156	76	118	92	2.54	6.21
BST (10/50/b)	3.7	1.5	9.2	14.1	49.6	10.2	-0.82	-1.4	-1.71	-1.47	-0.82	-7.22	-8.2	0.0	NA	8.75	NA	1:1	74	36	11	6	NA	NA	NA	0.62
CableCorp(10/100/d)	9.0	18.7	0.0	30.7	122.1	4.9	19.17	15.1	10.34	10.17	12.59	14.36	29.9	22.0	24	65.00	4.53	1:2	87	71	92	58	83	60	4.24	2.11
Cadburys(10/50/f)	8.4	12.1	0.0	24.4	67.5	0.8	8.08	11.8	4.45	4.47	5.78	3.97	29.0	33.3	47	160.00	40.27	1:1	87	80	157	98	173	134	1.56	6.57
Camphor&Allied(100/5/d)	2.6	8.2	0.0	415.0	35.9	0.4	6.13	16.9	3.81	3.78	4.73	183.17	28.2	20.0	17	73.75	0.40	1:3	82	53	355	123	NA	NA	33.90	0.18
Carborundum(10/50/e)**	5.9	21.1	5.1	45.7	64.2	1.6	11.52	17.5	5.72	5.72	7.92	9.66	17.8	25.00	26	78.00	8.07	2:5	87	83			108	75	3.21	1.71
Ceat(10/50/e)	14.8	75.4	26.1	61.1	410.2	11.0	42.29	10.0	21.35	21.27	27.79	14.46	18.4	30.0	21	85.00	5.88	1:2	86	37	180	91	160	74	3.53	1.39
Cemindia Co(10/50/b)	1.3	8.1	0.0	73.1	26.0	0.1	3.07	11.7	1.30	1.32	2.37	15.23	9.3	26.7	39	108.75	7.14	3:5	84	38	130	68	125	93	3.66	1.49
ChowguleStShip(10/50/e)	10.0	0.1	0.0	10.1	42.9	0.4	13.67	31.6	4.86	4.86	13.67	4.86	48.3	0.0	NA	31.00	6.38	5:2	77	35	20	3	35	23	NA	3.08
ClassicDia(10/100/d)	3.5	2.5	0.0	17.2	46.7	0.1	3.02	6.5	2.92	2.92	2.93	10.43	38.8	12.0	14	58.00	5.56	0.00	_	0	41	9	84	58	1.97	3.37
CochinRef(100/5/e)	68.5	82.2	0.0	220.0	1164.2	3.3	61.78	5.3	41.50	41.56	54.92	60.61	27.6	18.0	4	770.00	12.70	0.00		0	510	265	800	595	0.34	3.50
ColourChem(100/5/e)	7.9	13.4	0.0	268.8	101.5	4.6	6.46	6.1	3.02	3.66	5.41	38.04	14.2	22.0	48	610.00	16.04	2:5	80	84	700	410	825	575	3.61	2.27
ConFound(10/100/b)	0.5	1.2	0.0	32.5	5.2	0.1	0.97	18.2	0.10	0.81	0.95	2.88	3.9	20.0	20	35.00	12.13	0.00		33	NA	NA	NA	NA	8.79	1.08
CromptonGr(100/5/f)	9.6	39.1	28.5	507.0	320.2	3.0	14.82	4.6	7.75	8.91	12.52	60.55	13.4	24.0	19	1060.00	17.51	1:1	89	69	1425	600	1060	800	1.70	2.09

NOTE: The year 31 March for all above companies unless otherwise indicated. The accounting period in each case is, however, mentioned in the bracket following the company's name: a-8 months; b-18 months; c-10 months; d-15 months; e-12 months; f-9 months; g-16 months; h-11 months; i-14 months; j-17 months; k-13 months; l-7 months. (ended Dec88, ** ended Aug88, + ended Sep88, ++ ended Jul88 ; # ended December 90).*

Where the accounting period is other than 12 months, the figures for EPS, return on net worth and dividend have been annualised.

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VITAL STATISTICS

Company (The figures following the company name indicate face value and market lot in that order)	Eq Cap RsCr	Free Res RsCr	Revl Res RsCr	Book Value Rs	Gross Sales RsCr	Other Inc RsCr	Gross Profit RsCr	GrPr Mgn (%)	PAT RsCr	Adj PAT RsCr	Cash Earn RsCr	EPS Rs	Ret/ Net Worth (%)	Div (%)	Pay Out (%)	Mkt Price 24May	P/E Multiple	Last Bonus Ratio	Last Bonus Year	Bonus % in Cap	MarketPrice 1989 High Rs	MarketPrice 1989 Low Rs	MarketPrice 1990 High Rs	MarketPrice 1990 Low Rs	Yield on Mkt Price (%)	Price to BkVal Times
Cyanamid(10/50/g)	5.3	9.8	0.0	28.6	64.1	2.0	5.87	8.9	2.96	0.55	4.79	7.52	14.8	15.0	191	114.00	15.16	9:4	79	74	108	55	115	86	1.75	3.99
DCM(10/100/f)	23.0	31.8	0.0	23.8	552.6	13.1	15.14	2.7	4.15	6.54	15.03	1.35	10.1	0.0	NA	53.75	39.75	4:5	71	61	85	31	60	47	NA	2.26
DCW(10/50/b)	5.9	20.4	14.8	44.6	170.3	3.8	7.88	4.5	3.85	3.85	7.38	9.80	6.2	21.3	29	68.00	6.94	1:1	88	67	44	25	68	40	2.75	1.52
DeepakFert(10/50/e)	14.8	11.1	0.0	17.5	45.9	2.3	16.26	33.7	6.96	6.94	14.68	4.54	25.9	18.0	40	29.50	6.50	0.00	_	0	52	23	39	26	6.10	1.69
DeepakNitrite(10/50/j)	2.4	5.7	9.3	33.3	39.6	3.4	5.42	12.6	2.08	2.72	4.35	12.13	8.4	25.0	25	95.00	7.83	2:5	85	81	54	27	105	80	2.95	2.85
DharamsiMor(10/50/d)	6.4	10.5	0.0	26.4	124.1	3.1	5.95	4.7	1.99	2.28	5.55	3.87	9.4	16.0	56	57.00	14.71	2:5	79	88	46	27	57	40	3.50	2.16
Dunlop(10/100/e)	19.0	64.8	94.6	44.1	407.7	10.3	32.06	7.7	9.99	9.99	23.24	5.24	5.6	30.0	57	62.50	11.93	1:3	76	54	100	61	75	53	4.80	1.42
Duphar (10/50/d)	1.8	3.2	0.0	27.2	31.3	1.0	1.84	5.7	0.77	1.25	1.65	5.23	12.3	14.0	20	57.50	10.99	1:3	88	74	85	38	70	40	2.36	2.12
EicherMot(10/100/h)	10.0	0.3	0.0	10.3	92.1	0.6	-2.74	-3.0	-3.42	-3.42	-2.74	-3.14	-36.4	0.0	NA	21.00	NA				17	9	23	16	NA	2.05
EIDParry(10/50/e)	6.3	14.5	13.3	33.1	206.7	27.3	15.40	6.6	9.42	9.42	12.59	15.00	27.6	25.0	17	92.50	6.17				72	34	94	72	2.70	2.79
EleconEngg(10/50/d)	5.7	27.0	0.0	57.7	150.0	1.4	13.11	8.7	3.27	3.25	10.94	7.23	8.0	16.0	35	80.00	11.06	3:5	87	61	85	50	88	68	2.50	1.39
ElgiEquip(10/50/h)	1.0	9.4	0.0	103.8	44.6	0.5	3.33	7.4	2.09	2.09	3.08	19.16	22.0	19.6	9	255.00	13.31	1:1	86	88	340	260	260	200	0.71	2.46
Enfield(10/100/f)	5.0	0.0	9.0	10.0	53.9	0.2	0.74	1.4	-1.36	-1.36	0.74	-2.25	-14.3	0.0	NA	14.25	NA	1:1	85	31	14	9	21	13	NA	1.43
EnglishElect(10/100/e)	9.0	18.2	0.0	30.2	60.9	1.1	4.88	7.9	2.46	2.46	3.51	2.73	9.1	7.5	28	70.50	25.79	1:1	87	75	72	47	77	56	1.07	2.34
Escorts(10/50/d)	33.9	91.0	23.7	36.9	759.0	24.4	32.81	4.2	18.00	18.31	29.40	6.64	9.7	22.4	48	93.50	14.09	3:5	86	57	84	58	94	78	2.77	2.54
Eskayef(10/50/g)	7.5	21.0	0.0	38.0	68.5	1.4	13.00	18.6	8.22	8.60	8.45	14.61	21.6	20.3	24	151.25	10.35	1:2	88	33	151	102	152	121	1.79	3.98
EssarShip(10/100/b)	46.1	47.8	0.0	20.4	142.9	1.5	45.49	31.5	19.39	19.52	43.34	6.28	13.7	20.0	68	37.25	5.93				35	16	42	26	7.70	1.83
EssenComp(10/50/h)	1.3	6.6	0.0	59.9	16.8	1.2	2.40	13.3	1.64	1.64	1.79	11.30	22.4	24.0	9	62.50	5.53	0.00	_	0	NA	NA	83	48	1.68	1.04
EverestBldg(10/50/d)	2.5	12.7	0.0	61.4	92.6	2.3	7.22	7.6	4.83	4.04	5.89	24.44	25.5	32.0	25	177.50	7.26	1:3	66	41	150	102	185	133	2.26	2.89
ExcelInd(10/50/b)	4.6	11.5	0.0	34.9	103.2	8.2	12.05	10.8	7.17	6.77	9.95	23.28	29.7	66.7	68	188.00	8.08	4:5	84	82	180	116	193	182	5.32	5.39
FerroAlloys(10/50/f)	5.5	29.9	0.0	641.8	158.6	3.7	22.43	13.8	12.50	11.30	19.15	169.84	47.0	26.7	10	75.00	0.44	1:2	80	43	1675	580	126	75	26.57	0.12
FinolexCables(10/50/g)	3.2	30.8	0.0	105.1	126.1	6.1	29.12	22.0	19.02	19.02	22.43	78.27	41.9	45.0	10	215.00	2.75	4:5	88	44	430	220	283	200	2.78	2.05
FinolexPipes(10/100/f)	9.0	9.9	0.0	21.1	38.3	1.6	2.32	5.8	1.82	1.89	2.32	1.18	16.5	25.7	11	34.50	29.18				51	44	65	33	0.68	1.64
GE Shipping(10/100/f)	64.9	57.9	0.0	18.9	111.9	2.4	45.06	39.4	22.74	23.46	40.68	2.63	24.7	16.0	28	48.00	18.25	2:3	81	36	53	33	55	44	2.15	2.54
GeneralElect(10/50/e)	7.2	27.9	0.0	48.7	149.3	2.4	7.23	4.8	3.06	10.03	4.32	4.25	8.7	15.0	11	21.00	4.94	1:1	89	53	85	46	22	19	7.14	0.43
GermanRem(100/50/d)	3.3	5.4	0.0	26.7	56.4	0.9	2.11	3.7	0.77	1.01	1.91	2.95	7.1	12.0	49	131.00	44.37	3:5	82	80	102	60	131	68	1.15	4.91
Glaxo(10/50/f)	20.0	46.1	0.0	33.0	223.5	7.6	15.25	6.6	7.60	13.64	12.83	2.85	15.3	26.7	29	107.00	37.54	1:3	80	54	107	70	128	91	1.87	3.24
GNFC(10/50/f)	89.0	101.2	0.0	21.4	238.8	3.2	20.07	8.3	22.76	22.76	34.80	1.92	16.0	13.3	39	37.75	19.68				57	28	48	36	2.65	1.77
GodfreyPhil(10/100/d)	2.6	3.8	0.0	24.6	452.0	1.8	4.93	1.1	1.47	1.47	3.19	6.97	18.2	28.0	63	87.50	12.55	1:1	75	34	62	25	88	55	4.00	3.56
GokakPatel(10/50/f)	6.5	19.1	0.0	39.3	60.9	5.9	6.30	9.4	3.91	3.91	6.05	4.50	20.3	26.7	33	116.25	25.85	1:1	87	79	120	67	120	75	1.72	2.96
GoodlassNero(10/50/f)	3.2	6.2	8.0	29.0	84.8	0.9	1.49	1.7	0.95	0.95	1.28	2.20	7.3	16.7	43	75.00	34.11	5:7	78	57	90	42	83	60	1.69	2.59
GordonWood(10/50/e)	2.5	3.7	3.4	24.7	16.8	0.2	-1.73	-10.2	-1.87	-1.87	-1.73	-7.51	-19.6	0.0	NA	7.50	NA	0.00	_	0	14	3	NA	NA	NA	0.30
Graphite(10/50/d)	4.2	9.6	0.0	32.8	58.6	2.3	4.16	6.8	2.13	2.13	3.72	6.24	12.2	16.0	40	42.50	6.82	1:2	80	56	38	18	45	15	4.69	1.30
Grasim(10/50/e)	48.5	217.7	0.0	54.9	803.0	32.2	92.27	11.0	39.64	48.33	73.12	8.13	14.8	27.5	22	128.00	15.74	3:4	88	61	137	75	200	106	1.68	2.33
GreavesCot(100/5/f)	9.9	23.2	0.0	334.9	142.8	3.0	8.08	5.5	5.02	5.01	6.44	37.88	20.1	24.0	24	650.00	17.16	1:2	88	86	720	375	710	600	1.84	1.94
GSFC(10/50/d)	44.9	208.5	0.0	56.4	676.3	14.7	70.61	10.2	35.55	48.66	61.51	9.88	11.2	30.0	21	195.00	19.74	3:10	87	64	190	123	195	166	1.15	3.46
GTC Ind(10/50/f)	5.0	58.9	0.0	127.9	157.4	13.6	4.43	2.6	1.92	1.92	2.28	2.88	4.0	32.0	63	29.00	10.07	1:4	72	66	28	13	31	21	8.28	0.23
Guj Alkalies(10/50/e)	17.9	31.0	0.0	27.3	101.0	1.3	15.69	15.3	8.01	5.73	16.89	4.47	16.4	26.0	81	84.00	18.78	1:5	87	18	78	62	89	75	3.10	3.08
Guj Ambuja(10/100/e)	20.0	5.6	0.0	12.8	94.2	1.4	11.58	12.1	3.86	3.97	11.59	1.93	15.1	12.0	60	42.25	21.89				28	14	42	21	2.84	3.30
Guj Steel(10/50/e)	4.6	9.8	7.3	313.0	116.2	1.8	3.39	2.9	1.80	1.59	4.15	39.13	8.3	15.0	43	27.00	0.69	1:1	82	57	380	210	36	25	55.56	0.09
HCL(10/100/e)	14.9	24.7	0.0	26.6	172.5	2.0	11.39	6.5	9.60	9.60	10.93	6.46	24.3	10.0	15	30.00	4.64				43	27	37	24	3.32	1.13
HDFC(100/10/f)	20.0	44.6	0.0	322.9	107.5	0.2	18.69	17.3	16.47	14.50	17.96	61.76	34.0	18.7	19	460.00	7.45				345	175	460	330	3.04	1.42
Herdillia(10/50/f)	7.4	24.4	15.0	43.2	65.1	1.5	9.83	14.8	6.24	5.66	7.72	6.37	17.8	28.0	27	89.00	13.98	1:2	78	33	112	66	100	85	2.35	2.06
HeroHonda(10/50/f)	16.0	3.8	0.0	12.3	101.7	2.8	-1.38	-1.3	-4.97	-4.70	-1.38	-3.11	-25.2	0.0	NA	21.50	NA				39	16	22	15	NA	1.74
HindLever(10/50/e)#	93.3	135.2	0.0	24.5	1008.2	3.0	105.1	10.4	53.81	55.37	7.42	5.76	23.5	35.0	59	118.00	20.23	1:1	87	91	102	69	124	101	3.00	4.74
Hind Ciba(100/5/d)	17.7	40.1	0.0	326.3	255.5	3.7	31.40	12.1	14.91	13.59	22.17	105.24	20.6	24.0	39	1400.00	13.30	1:2	80	74	1465	600	1660	960	2.14	4.29
Hind Motors(10/100/e)	26.4	46.0	32.3	27.4	525.9	13.2	5.34	1.0	-5.81	-4.77	5.34	-2.20	-5.6	7.5	-41	33.00	NA	1:1	86	58	51	20	34	20	2.27	1.20
HMM (10/50/h)	14.2	20.8	0.0	24.6	100.9	3.9	20.21	19.3	12.84	14.43	13.61	8.30	40.1	53.5	48	295.00	35.54	1:1	87	96	270	155	320	230	1.66	11.97
Hoechst(100/5/d)	9.6	32.8	17.5	442.1	239.4	29.6	8.55	3.2	4.51	4.51	7.70	58.85	6.0	16.0	43	2165.00	36.79	1:2	82	72	2040	490	2300	1260	0.93	4.90
HyderabadInd(10/50/d)	5.5	33.6	8.9	70.8	143.9	5.9	11.74	7.8	6.23	6.23	8.55	14.08	10.4	20.0	23	90.50	6.43	1:1	88	82	153	77	NA	NA	2.84	1.28
ICI (10/50/b)	40.9	84.2	39.4	30.6	693.6	170.2	42.45	4.9	20.90	21.80	41.17	7.67	8.5	15.0	42	38.00	4.95	1:3	78	21	69	37	52	34	5.92	1.24
IndiaCements(10/50/e)	4.9	19.0	24.8	48.8	132.2	4.8	3.00	2.2	-1.16	-0.87	3.00	-2.37	-2.4	8.0	-45	36.00	NA	2:5	70	29	32	13	36	15	2.21	0.74
IndiaFoils(10/50/d)	4.4	15.1	3.8	44.5	105.2	9.3	6.23	5.4	2.70	2.70	4.33	7.71	9.3	24.0	49	90.00	11.68	1:4	82	11	103	61	96	76	3.32	2.02
IndianAlum(10/100/d)	41.5	66.8	0.0	26.1	446.5	8.5	46.87	10.3	27.73	28.22	38.62	8.35	20.5	20.0	37	151.25	18.11	2:5	77	38	193	49	176	110	1.65	5.80
IndianDystuff(100/5/e)	11.3	13.4	18.5	218.6	190.5	13.2	5.46	2.7	0.82	1.59	5.46	7.24	1.9	10.0	59	340.00	46.94	1:4	80	40	260	165	380	250	2.44	1.56
IndianHotels(10/50/e)	14.8	49.7	0.0	43.6	115.9	1.9	17.11	14.5	9.37	9.37	15.61	6.34	14.5	30.0	32	91.00	14.36	1:2	89	50	150	80	93	83	2.20	2.09
IndianOrganic(10/50/e)	18.4	20.6	0.0	21.2	215.7	5.9	17.48	7.9	5.44	5.44	16.76	2.96	13.9	10.0	34	59.50	20.13	1:2	85	46	54	23	60	46	1.68	2.81
IndianRayon(10/50/e)	25.4	122.3	68.5	58.1	309.7	9.6	31.00	9.7	9.82	10.88	31.01	3.81	4.5	28.0	66	108.75	28.52	1:4	80	3	106	75	114	84	2.57	1.87
IndiaSteamship(10/50/e)	9.9	-53.5	0.0	-44.1	83.7	8.7	22.70	24.6	11.61	11.61	22.69	11.72	-26.6	0.0	NA	14.00	1.19	1:1	75	27	17	10	19	12	NA	NA
Indrol(10/50/e)	6.2	24.3	1.9	49.5	154.9	2.3	11.76	7.5	7.27	9.84	8.66	11.80	22.4	36.0	19	240.00	20.34	1:1	86	41	335	175	246	161	1.29	4.85

NOTE: The year 31 March for all above companies unless otherwise indicated. The accounting period in each case is, however, mentioned in the bracket following the company's name: a-8 months; b-18 months; c-10 months; d-15 months; e-12 months; f-9 months; g-16 months; h-11 months; i-14 months; j-17 months; k-13 months. l-7 months. (ended Dec88; ** ended Aug88, + ended Sep88, ++ ended Jul88 ; # ended December 90).*
Where the accounting period is other than 12 months, the figures for EPS, return on net worth and dividend have been annualised.

VITAL STATISTICS

Company (The figures following the company name indicate face value and market lot in that order)	Eq Cap RsCr	Free Res RsCr	Revl Res RsCr	Book Value Rs	Gross Sales RsCr	Other Inc RsCr	Gross Profit RsCr	GrPr Mgn (%)	PAT RsCr	Adj PAT RsCr	Cash Earn RsCr	EPS Rs	Ret/ Net Worth (%)	Div (%)	Pay Out (%)	Mkt Price 24May	P/E Multiple	Last Bonus Ratio	Last Bonus Year	Bonus % in Cap	MarketPrice 1989 High Rs	MarketPrice 1989 Low Rs	MarketPrice 1990 High Rs	MarketPrice 1990 Low Rs	Yield on Mkt Price (%)	Price to BkVal Times
IngersollRand(10/50/d)	15.8	23.1	0.0	24.6	102.3	7.2	21.73	19.8	13.21	13.21	14.51	10.46	27.2	36.0	27	225.00	21.50	1:1	89	97	425	180	245	190	1.00	9.13
IOL (10/50/b)	14.6	19.2	13.5	23.2	221.8	0.7	12.94	5.8	4.17	5.70	12.16	4.28	5.9	6.7	26	43.00	10.04	1:3	85	81	50	41	49	33	2.33	1.86
ITC (10/100/f)	66.3	41.9	84.5	16.3	1058.7	9.0	53.00	5.0	29.20	29.20	34.99	3.30	20.2	53.3	45	73.00	22.11	1:1	89	63	130	40	73	50	2.74	4.48
JagjitInd(10/100/e)	6.1	19.1	3.9	41.5	121.8	1.8	12.99	10.5	8.45	8.45	10.40	13.93	29.1	35.0	25	105.00	7.54	1:1	88	92	120	60	120	74	3.35	2.53
JaiprakashInd(10/100/d)	66.1	41.9	9.5	16.3	217.4	20.4	35.49	14.9	11.90	12.36	33.26	2.25	8.1	14.4	96	15.00	6.67				17	10	19	13	11.95	0.92
JayshreeTea(10/50/e)	6.2	15.1	23.6	34.6	97.4	14.1	7.96	7.1	1.03	2.68	6.99	1.67	2.3	15.0	34	130.00	77.62	1:2	85	92	113	47	135	77	1.15	3.76
Jenson&Nichol(10/50/f)	1.5	4.5	2.2	39.9	53.8	0.4	1.80	3.3	1.16	1.17	1.59	5.75	18.8	20.0	20	76.50	13.30	8:7	82	35	65	32	78	75	2.00	1.92
JindalStrips(10/100/f)	3.3	19.8	0.0	69.9	136.9	3.5	9.06	6.5	5.77	6.57	7.99	13.11	33.3	33.3	13	137.50	10.49	1:1	89	58	285	112	138	100	1.83	1.97
JK Syn(10/100/e)	38.4	130.0	107.0	43.8	764.5	9.7	64.80	8.4	18.35	18.86	62.60	4.69	6.5	22.0	39	57.75	12.32	1:3	83	53	92	55	67	50	3.23	1.32
JyotiInd(10/50/b)	2.7	10.2	8.6	48.1	59.1	0.6	-10.42	-17.5	-11.64	-11.62	-10.42	-65.15	-36.2	0.0	NA	16.00	NA	1:2	77	24	11	6	23	8	NA	0.33
KanoriaChem(10/100/f)	4.0	25.7	0.0	73.6	51.1	1.7	4.69	8.9	0.68	0.68	4.58	1.26	3.0	20.0	59	24.50	19.41	1:2	89	66	51	29	33	18	4.04	0.33
KEC Intl(10/50/b)	7.3	29.0	4.7	49.5	139.4	11.2	6.31	4.2	2.79	3.59	4.71	5.70	4.5	16.7	35	45.00	7.89	1:1	83	35	72	26	65	38	3.81	0.91
KesoramInd(10/100/e)	8.9	48.1	49.5	64.3	182.4	6.4	5.87	3.1	-6.19	-0.36	5.87	-7.14	-5.9	10.0	****	50.00	NA	1:2	79	67	66	39	54	41	1.99	0.78
KineticEngg(10/50/f)	2.4	19.5	0.0	91.1	88.0	1.5	9.30	10.4	3.27	2.88	9.30	10.22	19.9	40.0	13	147.50	14.43	1:1	89	78	395	120	148	134	1.02	1.62
KineticHonda(10/100/i)	10.0	2.8	0.0	12.8	69.9	1.2	3.17	4.5	1.57	1.36	3.18	1.83	10.5	0.0	NA	52.00	28.39				36	23	52	40	NA	4.05
Kirloskar C(10/50/e/88)	26.4	27.1	0.0	20.3	181.9	4.4	23.68	12.7	11.40	10.18	18.68	4.29	21.2	22.50	59	79.00	18.42	1:1	86	94	100	43	90	65	2.85	3.90
KirloskarOil(10/50/f)	5.8	15.0	0.0	36.0	102.6	3.5	5.28	5.0	2.28	2.34	4.76	2.87	14.2	13.3	26	34.00	11.85	3:7	76	77	67	29	40	27	2.97	0.94
KirloskarPneu(10/50/b)	3.9	9.0	0.0	33.5	103.1	5.6	10.92	10.0	6.65	6.55	9.36	25.91	34.4	15.0	13	47.50	1.83				73	45	73	45	4.76	1.42
KothariInd(10/50/e)	7.6	5.8	41.5	17.7	74.4	2.6	5.38	7.0	3.55	3.55	5.09	4.70	6.5	12.5	26	47.00	10.00				34	6	51	32	2.65	2.66
KSB Pumps(10/50/d)	8.7	14.7	0.0	26.9	55.4	1.4	15.10	26.6	8.31	8.38	9.81	11.94	28.4	24.0	16	215.00	18.01	1:1	89	90	445	180	228	185	0.70	7.99
LakhanpalNat(10/50/e)	4.7	6.1	0.0	23.1	61.2	0.6	2.79	4.5	1.16	1.15	1.85	2.47	10.7	16.0	31	31.00	12.53	1:1	87	50	40	16	34	23	2.48	1.34
LakshmiMach(100/5/d)	6.1	18.9	0.0	409.7	614.0	10.0	16.42	2.6	6.97	6.80	15.77	143.06	22.3	16.0	18	925.00	6.47	1:2	89	58	700	365	960	690	2.17	2.26
L&T(10/50/b)	68.1	209.9	84.3	40.8	1197.1	16.0	109.4	9.0	36.52	42.49	96.56	8.05	6.7	20.0	41	77.50	9.63	3:5	86	56	128	69	122	57	3.29	1.90
MadrasCements(100/5/d)	3.0	12.0	0.0	498.0	99.7	1.4	4.85	4.8	-7.07	-6.71	4.81	-297.19	-38.2	0.0	NA	900.00	NA				810	380	900	421	NA	1.81
MaduraCoats(10/50/f)	21.8	46.8	56.9	31.4	210.0	1.7	20.74	9.8	11.43	11.49	18.79	3.93	12.1	33.3	48	116.25	29.60	1:2	86	47	109	90	117	101	2.15	3.70
MafatlalDyes(10/50/d)	3.2	7.9	0.0	35.0	52.6	1.9	2.78	5.1	1.49	1.49	1.63	5.91	10.8	13.6	19	34.00	5.75	1:4	89	67	70	27	39	33	2.71	0.97
MafatlalFine(100/5/e)	14.5	23.8	0.0	264.3	177.4	14.9	7.98	4.2	1.33	3.04	7.72	9.19	3.5	10.0	48	315.00	34.27	1:3	80	39	375	180	315	205	3.18	1.19
MafatlalInd(100/5/e)	13.5	-43.5	0.0	423.6	125.3	10.5	8.41	6.2	0.65	0.67	7.51	4.83	1.1	20.0	322	620.00	128.3	1:5	78	32	390	255	620	360	2.59	1.46
MahScooters(10/50/e)	2.9	27.4	0.0	105.9	85.9	10.0	11.19	11.7	7.41	7.39	7.99	25.91	24.5	35.0	14	412.50	15.92	1:1	86	65	306	215	415	185	0.85	3.89
Mah&Mah(10/50/j)	19.3	76.2	29.8	49.5	955.9	36.9	45.58	4.6	18.54	20.09	42.48	13.64	10.5	24.7	34	87.50	6.42	2:3	84	72	113	76	103	68	4.08	1.77
MangChem(10/50/d)	12.4	12.4	0.0	20.0	144.8	36.3	10.09	5.6	8.85	12.74	18.84	8.91	28.6	8.0	10	19.50	2.19				54	17	24	16	5.12	0.98
May&Baker(10/50/d)	4.5	7.6	0.0	26.9	70.4	2.0	5.88	8.1	3.96	0.93	5.30	11.00	26.2	12.0	73	81.00	7.36				85	50	98	69	1.87	3.01
McDowells(10/100/f)	7.7	47.8	21.0	72.2	135.2	8.6	11.21	7.8	8.65	8.65	11.20	8.44	15.1	26.7	18	75.00	8.89	1:1	86	81	112	68	87	72	2.67	1.04
Mico (100/5/e/88)	38.1	56.4	0.0	248.3	228.3	5.2	44.81	19.2	15.07	15.44	30.71	39.61	15.9	14.00	35	845.00	21.34	1:1	86	91	700	318	1200	785	1.66	3.40
ModiInd(10/100/b)	3.3	0.0	0.0	10.0	230.7	6.4	-10.96	-4.6	-16.34	-8.39	-10.97	-74.23	-329.9	0.0	NA	20.00	NA	1:5	69	26	35	16	30	15	NA	2.00
ModiRubber(10/50/h)	10.4	52.5	0.0	60.6	408.9	5.0	26.13	6.3	13.51	13.51	22.13	11.93	23.4	27.3	19	58.00	4.86	0.00		0	125	70	75	44	4.32	0.96
ModiSteels(10/100/b)	2.4	1.8	0.0	17.6	21.5	0.6	1.41	6.4	1.02	0.98	1.21	6.48	16.3	16.00	22	35.00	5.40	1:1	87	14	44	23	44	23	2.66	1.99
ModiXerox(10/50/h)	19.5	1.8	0.0	10.9	87.2	0.9	8.70	9.9	4.29	3.57	7.97	2.02	22.1	12.0	56	69.50	34.41				73	52	75	64	1.47	6.38
MRF(10/50/b)	3.9	44.9	0.0	126.2	743.3	1.4	55.61	7.5	25.02	25.02	40.95	97.23	34.2	60.0	14	200.00	2.06	1:2	75	46	470	275	333	186	4.49	1.58
Mukand(10/50/f)	14.7	35.0	45.2	33.7	316.0	1.8	26.27	8.3	17.51	17.41	23.42	8.91	24.6	26.7	17	149.00	16.72	1:2	88	72	145	75	157	127	1.34	4.42
NationalSteels(10/50/e)	4.2	6.5	0.0	25.7	66.0	2.7	4.95	7.2	1.67	1.67	4.95	3.94	15.4	15.0	38	10.50	2.66				17	6	15	10	14.42.	0.41
NatRayon(100/5/f)	6.0	-12.1	64.3	-101.3	123.0	1.0	3.31	2.7	1.73	1.31	3.31	20.34	3.7	0.0	NA	590.00	29.01	1:4	72	23	500	140	690	490	NA	NA
NipponDenro(10/100/b)	11.6	14.8	0.0	22.7	155.8	3.0	10.73	6.8	5.13	5.13	10.08	6.62	13.0	20.0	57	41.50	6.27				63	31	58	39	6.01	1.83
Nirlon(10/50/b)	15.8	8.5	16.7	15.4	153.9	2.1	-32.90	-21.1	-51.02	-73.38	-32.90	-48.56	-83.1	0.0	NA	13.25	NA	1:2	82	48	17	8	22	13	NA	0.86
NOCIL(100/5/d)	36.0	82.0	0.0	327.8	449.6	16.2	75.77	16.3	40.74	40.79	55.77	141.46	27.6	32.0	35	1350.00	9.54	1:2	86	67	1690	710	1660	1070	2.96	4.12
OrientalCarbon(10/50/e)	2.4	8.6	6.4	45.5	50.5	0.2	3.50	6.9	1.40	1.40	3.25	5.79	8.0	22.5	39	37.00	6.40	1:3	89	25	65	34	NA	NA	6.03	0.81
OrientPaper(10/100/e)	11.5	80.9	0.0	80.6	190.3	4.6	8.23	4.2	0.93	3.03	8.03	0.79	1.0	10.0	38	82.50	103.8	1:1	86	94	79	20	83	63	1.22	1.02
Orissa Cement(10/100/d)	5.4	26.7	23.7	59.4	141.5	3.8	8.22	5.7	0.25	6.28	8.22	0.58	0.4	16.0	17	40.00	69.12	1:1	87	58	37	32	40	25	5.00	0.67
Otis(10/50/g)	5.0	15.1	0.0	39.9	78.6	1.5	14.60	18.2	7.42	7.42	9.23	19.63	27.7	30.0	27	250.00	12.74	1:1	85	86	215	170.	265	190	1.60	6.26
ParkeDavis(10/50/g)	7.5	7.3	0.0	19.7	100.8	1.0	6.16	6.1	3.06	3.37	4.16	5.42	15.5	26.3	78	107.50	19.84	3:5	78	31	115	37	143	83	3.26	5.45
PeicoElec(10/100/d)	33.3	19.9	20.0	16.0	506.3	6.0	-3.15	-0.6	-17.00	-13.49	-15.61	-6.38	-18.6	0.0	NA	30.50	NA	1:5	82	49	30	15	32	17	NA	1.91
PhillipsCarbon(10/50/e)	5.3	6.6	4.2	22.5	65.0	1.7	2.69	4.0	1.21	1.21	1.69	2.30	7.5	18.0	79	46.50	20.21	2:5	84	70	47	27	48	40	3.88	2.07
Polyolefins(100/5/d)	19.3	45.0	0.0	333.3	224.7	12.2	41.60	17.6	27.12	27.12	32.39	175.65	33.7	28.0	25	1200.00	6.83	1:2	88	69	1450	890	1525	1025	2.92	3.60
PrakashTubes(10/50/e)	3.5	11.5	0.0	42.7	71.3	0.5	5.27	7.3	2.56	2.56	4.79	7.29	17.1	21.0	29	35.00	4.80	3:4	81	9	59	30	37	34	6.02	0.82
PremierAuto(10/50/e)	21.1	62.1	50.7	39.5	452.2	13.0	24.78	5.3	13.65	13.74	21.33	6.48	10.2	27.0	35	60.25	9.29	1:1	86	38	76	39	75	54	3.77	1.53
Procter&Gamble(10/50/e)	6.7	11.6	0.0	27.4	65.4	2.1	9.11	13.5	6.15	6.26	7.24	9.21	33.6	30.0	32	205.00	22.27	4:5	88	82	410	170	235	185	1.46	7.47
PudumjeePulp(10/50/d)	3.1	12.0	0.0	48.9	51.5	1.8	5.77	10.8	2.38	2.38	5.31	9.66	12.7	12.0	19	103.75	10.74	1:5	82	55	100	16	118	100	1.44	2.12
PunjabConcast(10/50/f)	1.2	10.9	0.0	102.5	58.2	0.2	6.25	10.7	3.69	4.38	4.75	23.45	40.7	33.3	7	230.00	9.81				380	122	265	180	1.07	2.24
PunjabTractors(10/50/g)	3.2	20.8	0.0	76.2	117.4	1.6	8.53	7.2	3.90	3.90	5.55	16.51	12.2	30.0	16	190.00	11.51	2:5	81	29	250	115	195	135	1.04	2.49
Rallis(10/50/h)	9.5	36.2	0.0	48.0	296.7	2.5	11.52	3.9	7.59	8.02	10.28	7.30	18.1	27.3	30	70.00	9.59	3:10	77	12	150	90	105	65	3.57	1.46

NOTE: The year 31 March for all above companies unless otherwise indicated. The accounting period in each case is, however, mentioned in the bracket following the company's name: a-8 months; b-18 months; c-10 months; d-15 months; e-12 months; f-9 months; g-16 months; h-11 months; i-14 months; j-17 months, k-13 months; l-7 months. (ended Dec88, ** ended Aug88, + ended Sep88, ++ ended Jul88 ; # ended December 90).*

Where the accounting period is other than 12 months, the figures for EPS, return on net worth and dividend have been annualised.

INVESTMENT WORLD

VITAL STATISTICS

Company (The figures following the company name indicate face value and market lot in that order)	Eq Cap RsCr	Free Res RsCr	Revl Res RsCr	Book Value Rs	Gross Sales RsCr	Other Inc RsCr	Gross Profit RsCr	GrPr Mgn (%)	PAT RsCr	Adj PAT RsCr	Cash Earn RsCr	EPS Rs	Ret/Net Worth (%)	Div (%)	Pay Out (%)	Mkt Price 24May	P/E Multiple	Last Bonus Ratio	Last Bonus Year	Bonus % in Cap	MarketPrice 1989 High Rs	MarketPrice 1989 Low Rs	MarketPrice 1990 High Rs	MarketPrice 1990 Low Rs	Yield on Mkt Price (%)	Price to BkVal Times
RanbaxyLabs(10/50/d)	9.0	29.1	0.0	42.5	179.7	6.4	10.20	5.5	5.57	2.60	9.63	7.77	11.7	30.0	56	97.00	12.49	1:1	88	NA	132	70	110	86	1.67	2.28
Rasoi(10/50/d)	1.2	5.7	0.0	57.7	74.2	1.2	1.73	2.3	0.77	0.91	1.40	8.02	8.9	16.0	26	55.00	6.86	1:2	85	35	75	45	60	53	3.64	0.95
RathiAlloys(10/50/f)	2.9	12.9	0.0	54.9	84.2	0.3	9.67	11.4	2.02	2.02	7.77	5.26	17.0	40.0	43	118.75	22.57				167	93	161	135	2.54	2.16
Raymonds(10/50/e)	22.5	69.2	0.0	40.8	295.1	4.4	42.35	14.1	21.10	21.47	36.75	9.24	22.7	20.0	21	87.25	9.44	1:1	87	78	86	66	88	70	2.29	2.14
Reckitt&Col(10/50/e/88)	8.4	13.5	0.3	26.1	71.4	1.4	12.08	16.6	6.75	6.75	7.40	8.05	30.4	30.00	37	211.25	26.26	1:1	88	70	230	145	212	198	1.42	8.09
ReliancePetro(10/100/e)	86.5	0.5	0.0	10.1	0.0	26.6	6.81	25.6	5.02	5.02	5.87	0.58	5.8	15.00	90	22.75	39.19	0.00	_	0	52	37	27	22	2.31	2.26
Reliance(10/50/f)	152.1	913.4	0.0	70.0	1112.5	7.9	166.2	14.8	79.37	95.40	166.2	3.88	9.9	40.0	48	65.00	16.75	3:5	83	10	158	70	90	50	4.62	0.93
Revathi CP(10/50/e)	1.6	3.3	0.4	30.3	17.4	0.4	1.44	8.1	0.88	0.88	1.01	5.38	16.3	20.00	37	92*50	17.21	1:1	87	50	240	51	93	65	2.16	3.05
SandvikAsia(100/5/e/88)	5.8	8.8	0.0	252.1	45.8	0.8	6.72	14.4	2.71	2.93	4.93	46.89	18.6	25.00	49	645.00	13.76	1:1	84	80	1010	580	900	620	3.86	2.56
Searle I(10/50/d)	5.2	14.8	0.0	38.4	51.5	1.5	5.14	9.7	2.66	2.81	3.99	6.37	10.6	16.8	30	130.00	20.41	1:2	89	87	217	87	150	108	1.22	3.39
SesaGoa(10/50/e)	5.2	10.2	0.0	29.8	53.9	0.3	3.43	6.3	1.10	1.13	3.22	2.14	7.2	14.0	64	105.00	49.16	2:5	86	42	78	26	109	89	1.33	3.52
Sesha Paper(10/100/e)	6.3	0.0	0.0	10.0	53.3	1.8	0.53	1.0	-2.50	-2.50	0.52	-4.00	-40.0	0.0	NA	12.00	NA	1:2	76	28	19	4	14	10	NA	1.20
ShalimarPaints(10/100/d)	1.9	1.6	0.0	18.4	69.8	0.6	-1.96	-2.8	-2.09	-2.09	-1.96	-13.82	-48.0	0.0	NA	41.00	NA	3:10	82	67	49	20	44	38	NA	2.23
ShawWallace(10/100/f)	12.0	28.1	0.0	33.4	216.3	20.7	15.67	6.6	8.85	8.85	10.02	5.53	29.4	40.0	41	90.00	16.27	1:1	87	94	103	74	92	67	3.33	2.69
ShreeSyn(10/50/f)	5.6	15.1	0.0	36.9	94.4	0.4	9.33	9.8	4.29	4.29	8.98	5.73	27.6	33.3	33	64.00	11.18	2:5	84	29	72	31	66	42	3.92	1.73
SI Shipping(100/5/e/88)	6.0	12.3	0.0	304.2	49.6	3.4	-0.06	-0.1	-1.32	-1.33	-0.06	-22.00	-7.2	0.00	NA	1725.00	NA	1:2	82	83	360	60	1875	1200	NA	5.67
SI Viscose(100/5/e)	11.0	21.2	0.0	292.1	103.0	1.9	21.63	20.6	12.89	17.09	15.43	116.86	40.0	35.0	23	1450.00	12.41	1:2	87	56	1170	650	1450	1110	2.41	4.96
SiptaCoated(10/100/j)	17.6	6.3	0.0	13.6	129.4	2.9	4.76	3.6	1.25	1.71	4.03	1.01	3.7	12.0	89	18.00	17.88				28	15	30	13	4.80	1.33
SiyaramSilk(10/100/d)	3.7	7.9	0.0	31.7	86.4	1.7	5.14	5.8	1.14	1.14	4.92	3.89	7.9	14.4	58	51.00	13.10	1:2	88	42	40	23	51	24	3.54	1.61
SKF Bearings(100/5/d)	24.7	36.4	0.0	247.4	131.1	4.6	34.93	25.8	21.12	21.01	27.43	106.88	27.7	24.0	18	1460.00	13.66	1:1	89	80	3020	1140	1570	1230	1.03	5.90
SpecialSteels(10/50/d)	11.4	20.0	0.9	27.5	205.9	0.8	24.22	11.7	14.96	12.60	19.57	16.39	37.0	20.0	15	115.00	7.02	1:2	89	45	168	103	128	90	1.45	4.18
SpicElect(10/50/d)	34.0	74.2	173.4	31.8	557.8	24.1	44.02	7.6	13.86	13.86	40.77	5.10	3.9	16.0	49	17.50	3.43	1:1	86	50	65	38	19	12	11.43	0.55
StandardInd(10/50/e)	11.1	37.9	35.0	44.3	176.4	16.4	12.08	6.3	3.97	3.97	11.93	3.59	4.7	20.0	56	79.00	22.01	2:5	82	72	580	210	79	61	2.53	1.78
StrawProducts(10/100/d)	10.1	38.5	0.0	48.0	152.4	4.0	11.72	7.5	4.70	4.70	11.41	-6.50	-8.7	24.0	-58	91.00	NA	1:2	72	17	105	45	102	73	3.29	1.90
SundramFast(10/50/e)	5.1	12.1	0.0	33.6	70.9	1.3	6.76	9.4	3.50	3.60	6.01	6.86	20.4	25.0	36	76.25	11.11	3:5	88	56	86	50	86	61	3.29	2.27
SupremeInd(10/50/e)	2.3	13.5	18.6	69.1	85.3	0.6	5.92	6.9	3.27	3.27	5.86	14.34	9.5	45.0	26	267.50	18.65	1:1	87	70	270	187	310	225	1.41	3.87
SurajDiamonds(10/100/h)	7.7	21.3	0.0	37.8	72.6	0.0	6.66	9.2	6.29	6.29	6.51	7.53	23.7	21.8	14	46.00	6.11				110	60	65	46	2.47	1.22
SwadeshiPoly(10/50/b)	3.9	13.9	19.8	45.7	98.6	2.8	7.84	7.7	3.50	4.77	4.34	13.46	6.2	23.3	29	45.00	3.34				57	28	53	38	7.81	0.99
SylvaniaLaxman(10/50/b)	3.0	0.4	7.3	11.3	54.2	1.0	0.57	1.0	-0.52	0.36	0.57	-2.67	-3.3	0.0	NA	23.00	NA	1:2	86	33	26	12	30	20	NA	2.03
Syn&Chem(10/50/e)	5.8	9.4	27.1	26.1	119.7	1.1	8.48	7.0	6.30	6.34	7.38	10.84	14.9	25.0	23	63.50	5.86				81	47	84	63	3.93	2.43
TataChem(10/50/e)	49.2	215.8	0.0	53.9	256.8	34.9	67.80	23.2	35.79	35.79	53.30	7.28	13.5	19.0	24	119.50	16.42	2:5	85	29	130	98	137	117	1.45	2.22
TataPower(100/5/e)	20.5	80.0	0.0	490.7	367.1	12.4	29.16	7.7	22.63	22.45	29.34	110.11	22.4	18.0	16	547.00	4.97	1:5	75	6	457	300	620	410	3.28	1.11
TataPress(10/50/e)	1.6	6.4	0.0	50.4	14.9	0.8	1.79	11.4	0.83	0.83	1.68	5.29	10.5	22.00	42	65.00	12.30	7:11	83	30	88	33	73	55	3.43	1.29
TataRobins(10/50/e)	3.1	4.9	0.0	25.6	54.5	1.2	2.76	5.0	0.92	0.92	1.93	2.95	11.5	18.0	41	38.00	12.89	1:4	77	5	63	42	47	36	3.21	1.48
TataTea(10/50/d)	17.1	78.8	0.0	56.1	218.9	12.6	28.61	12.4	16.86	36.68	21.91	12.33	14.1	40.0	21	202.00	16.38	2:5	88	40	208	120	203	173	2.26	3.60
TataTelecom(10/100/f)	4.5	1.1	0.0	12.4	12.5	0.2	0.60	4.7	0.17	0.17	0.60	0.28	4.1	0.00	NA	47.50	167.7	0.00	_	0	22	15	56	47	NA	3.82
TataUnisys(10/50/d)	4.4	5.1	0.0	21.6	43.1	0.3	5.29	12.2	2.42	2.52	4.33	6.91	20.4	22.00	48	77.50	11.22	2:5	87	29	250	60	85	24	3.54	3.58
TCI(10/50/f)	5.1	14.1	15.8	37.8	88.0	0.7	3.36	3.8	1.11	1.11	3.36	1.64	4.2	14.7	50	52.00	31.73	1:2	86	81	34	14	68	38	2.12	1.38
Telco(100/5/e)	103.7	307.4	0.0	396.5	1638.5	37.9	128.3	7.7	70.03	71.44	113.18	67.36	17.0	25.0	34	141.00	2.09	2:5	82	24	1195	657	152	110	16.58	0.36
Tinplate(10/50/e)	10.1	11.1	0.0	21.0	138.2	1.1	7.27	5.2	4.37	4.37	6.53	4.32	20.6	15.0	35	32.50	7.53	4:5	76	19	42	20	38	27	4.62	1.55
Tisco(10/50/e)	156.1	645.5	0.0	51.4	1772.5	89.3	274.0	14.7	154.3	134.8	248.0	9.89	19.3	30.0	34	114.50	11.58	2:5	87	44	158	102	137	103	2.58	2.23
Tomco(25/5/e)	8.1	20.6	0.0	88.5	282.1	6.5	4.98	1.7	2.16	2.16	4.36	6.26	7.1	15.0	60	168.75	26.97	1:5	81	36	95	52	169	90	2.23	1.91
TribeniTiss(10/50/d)	8.0	8.0	0.0	20.1	57.1	0.1	5.00	8.8	2.07	2.60	3.63	3.25	10.4	18.0	69	84.00	25.81	1:4	84	31	95	34	97	74	2.68	4.19
TVS Suzuki(10/100/k)	23.1	-5.4	0.0	7.7	174.4	2.2	7.60	4.3	3.09	3.09	7.60	1.45	16.1	0.0	NA	11.50	7.94				26	11	16	9	NA	1.50
TwCenturyFin(10/50/e)	8.9	11.3	0.0	22.7	25.2	1.2	16.56	62.8	3.56	3.51	15.89	4.01	17.7	22.0	56	30.00	7.48	2:5	85	34	35	15	34	28	7.32	1.32
UnichemLab(10/50/b)	1.4	4.8	3.6	45.7	65.9	1.2	0.99	1.5	0.16	0.22	0.96	1.78	1.1	10.0	91	38.75	21.80	1:2	86	67	62	40	40	30	3.82	0.85
UnionCarbide(10/50/d)	32.6	45.0	0.0	23.8	254.3	3.5	12.33	4.8	5.52	9.92	9.33	2.12	5.7	0.0	NA	26.00	12.28	1:2	80	74	29	18	30	22	NA	1.09
Unitech(10/100/d)	7.2	12.8	0.0	27.8	58.1	0.9	6.89	11.7	4.68	4.78	5.59	8.11	18.7	20.0	31	30.00	3.70				30	18	43	26	6.93	1.08
UnivCables(10/50/e)	5.3	42.1	0.0	88.8	116.6	2.1	15.08	12.7	1.02	1.46	3.08	1.91	2.2	27.0	75	95.00	49.74	1:2	79	22	180	110	122	95	2.15	1.07
VideoconIntl(10/100/b)	2.5	5.7	0.0	32.7	103.3	2.6	11.91	11.2	6.32	6.32	11.56	37.92	51.5	26.7	16	255.00	6.72				205	55	263	180	1.57	7.79
VikrantTyres(10/50/e)	10.4	4.3	0.0	14.1	200.7	0.9	17.25	8.6	2.75	2.75	16.70	2.54	18.0	15.0	59	27.00	10.64	0.00	_	0	50	20	27	20	5.56	1.92
VindhyaTele(10/100/e)	3.9	9.3	0.0	33.7	53.4	1.4	10.11	18.4	6.67	6.73	8.21	17.10	50.7	22.5	13	78.75	4.60				145	85	100	78	2.87	2.33
VIP Inds(10/100/e/88)	6.0	5.4	0.0	18.9	67.4	1.5	3.01	4.4	0.73	0.81	2.87	1.22	6.4	12.00	89	25.50	20.96	1:1	84	59	30	15	26	17	4.71	1.35
Voltas(10/50/l)	19.9	28.2	0.0	242.3	264.1	1.2	11.53	4.3	8.63	9.03	11.53	25.36	30.8	24.0	20	75.00	2.96	1:2	89	49	1000	470	79	65	12.09	0.31
VST Ind(10/50/b)	9.7	10.2	16.5	20.5	434.2	3.2	8.31	1.9	4.82	4.82	6.76	7.49	8.8	33.3	63	59.75	7.97	3:5	89	85	57	22	60	33	5.24	2.91
WestCoastPaper(100/5/f)	4.1	4.5	0.0	210.2	65.9	0.8	1.35	2.0	0.37	0.32	1.35	6.77	5.7	0.0	NA	362.50	53.56	1:5	74	37	220	81	440	290	NA	1.72
WI Enterprises(10/50/b)	4.8	9.7	1.6	30.1	65.9	0.1	4.83	7.3	1.72	1.72	4.46	5.36	7.1	16.0	67	27.00	5.03	3:5	83	19	27	17	28	23	8.93	0.90
Wimco(10/50/d)	13.6	5.5	0.0	14.0	137.2	2.3	-7.87	-5.6	-13.17	-10.68	-10.43	-12.12	-55.3	0.0	NA	22.50	NA	1:5	70	31	27	17	75	16	NA	1.60
Wipro(10/50/f)	3.7	16.7	0.0	55.4	115.0	5.5	5.40	4.5	2.68	2.68	4.90	5.46	17.5	33.3	17	206.25	37.76	1:1	89	95	450	190	275	190	0.61	3.73
ZuariAgro(10/50/d)	12.4	54.5	0.0	53.8	247.2	99.9	27.19	7.8	12.06	15.19	18.04	11.37	13.5	28.0	30	63.00	5.54				77	58	66	50	5.55	1.17

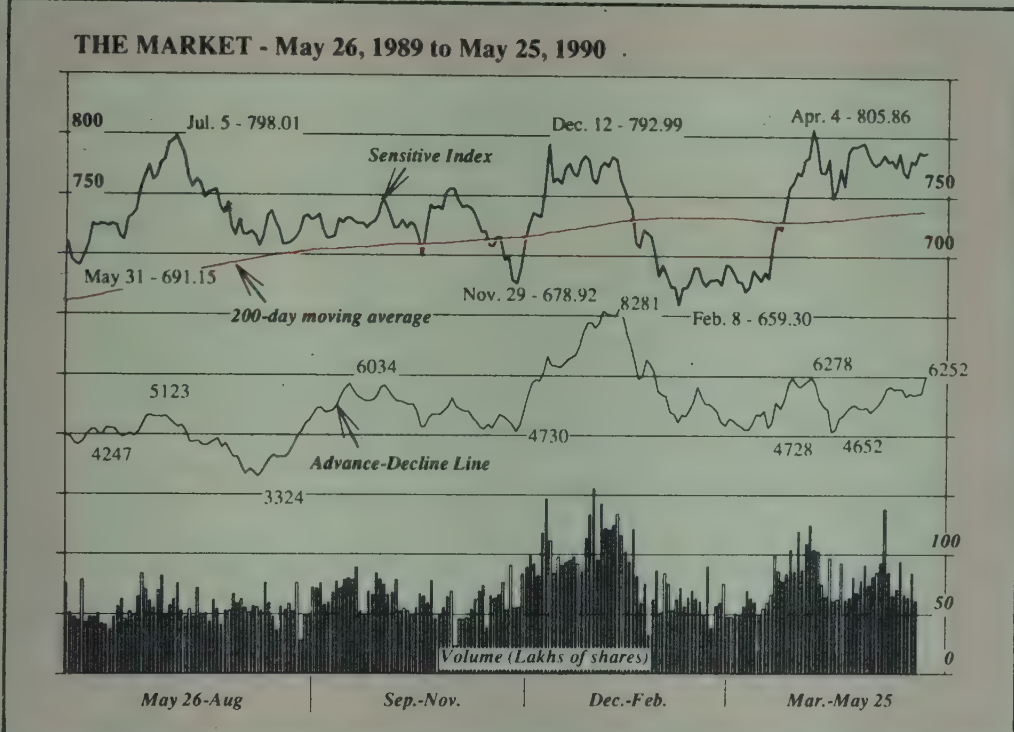
NOTE: The year 31 March for all above companies unless otherwise indicated. The accounting period in each case is, however, mentioned in the bracket following the company's name. a-8 months; b-18 months; c-10 months; d-15 months; e-12 months; f-9 months; g-16 months; h-11 months; i-14 months; j-17 months, k-13 months, l-7 months. (ended Dec88, ** ended Aug88, + ended Sep88, ++ ended Jul88 ; # ended December 90).*

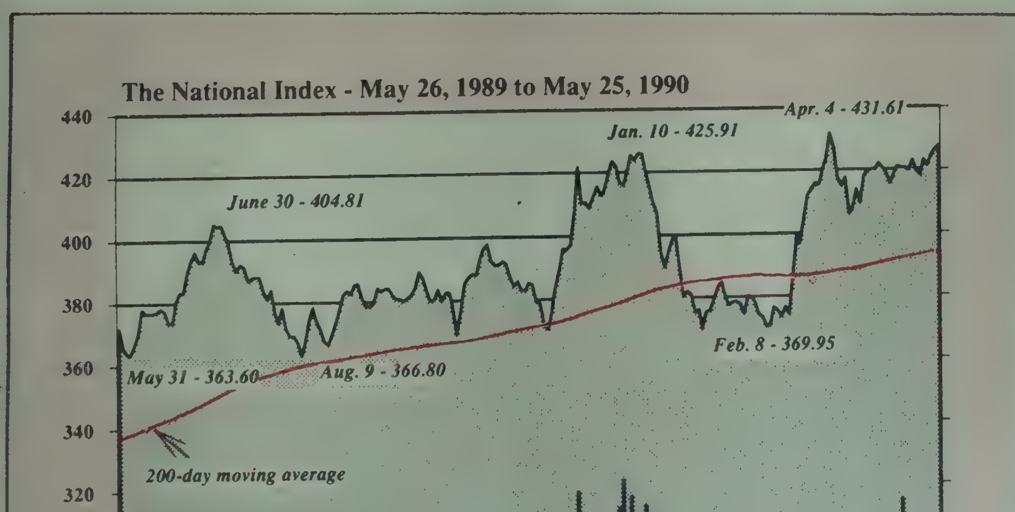
Where the accounting period is other than 12 months, the figures for EPS, return on net worth and dividend have been annualised.

STILL IN THE SAME GROOVE

Dalal Street registered modest gains over the fortnight under review (14-25 May). The Sensex (Bombay stock exchange sensitive index) improved from its 11 May close of 780.73 to 787.10, while the National Index (NI) was up from 420.58 to 427.47. The improvement was, however, not sufficient to signal a new trend and the indices have continued to remain within the narrow trading range that has established itself since the recent (4 April) top.

Both indices, thus, are still moving within the "Dow Line" which started off since the market top. A Dow Line is assumed to be in existence if the index under observation fluctuates within a 5% range of the mean figure. Since its 4 April top of 431.61, the NI declined swiftly to 406.08 by 12 April, and has always been within these values ever since. The line has, in fact, been even narrower since 20 April, after which the recorded extremes have been 415.65 and 427.47 (closing values). The situation is similar for the Sensex. It too declined quickly from its 4 April top of 805.86 to 748.79 on 12 April — values which have bounded its movements till now. This index, too, has narrowed down further since 20 April — confining itself between 767.02 and 795.13.





A Dow Line is seen as a stretch where buying and selling pressures are in balance. A breakout in either direction — up or down — reflects exhaustion of either supply or demand. Applying this notion to the current state of affairs, an advance over 431.61 by the NI (or 805.86 by the Sensex) would be bullish, while a breakdown by the NI below 406.08 (or 748.79 by the Sensex) would be bearish. The extent of the ensuing move is regarded as being proportional to the duration of the line — the longer the line, the more forceful the move is expected to be. Dow Theory, however, does not bother to hazard a guess about the eventual direction of the breakout while the line is in progress.

Turning to volume, the market is still undergoing a process of distribution, as observed last fortnight. Throughout the duration of the current Dow Line — and from sometime earlier — volumes have been heavier on declines rather than on rises. This is bearish. This tendency continued last fortnight. The market recorded rises of 3.06, 4.87 and 3.31 NI points on 15, 21 and 23 May. The corresponding volumes were 70.69, 63.22 and 60.62 lakh shares traded. The falls of 0.71, 3.63, 1.24 and 1.77 NI points on 14, 17, 18 and 22 May were accompanied by volumes of 65.57, 93.54, 66.33 and 84.18 lakh shares. (Volumes for 24 and 25 May had not been released by the stock exchange at the time of writing). This continues to point towards distribution rather than accumulation — or that money is leaving the stock market. Another new phenomenon seen during the second week of the fortnight was the complete drying up of daily volumes in B group scrips.

The Advance-Decline (A-D) line improved undramatically to 6252. The A-D line, which is a measure of market breadth (participation) failed

INVESTMENT WORLD

to provide any hints about the eventual direction of the breakout from the Dow Line during the last fortnight.

Badla trading took place on 26 May. Once again, *badla* rates were unchanged as were the number of scrips attracting backwardation. This seems to suggest that the market has yet to move towards a situation of looking oversold or overbought.

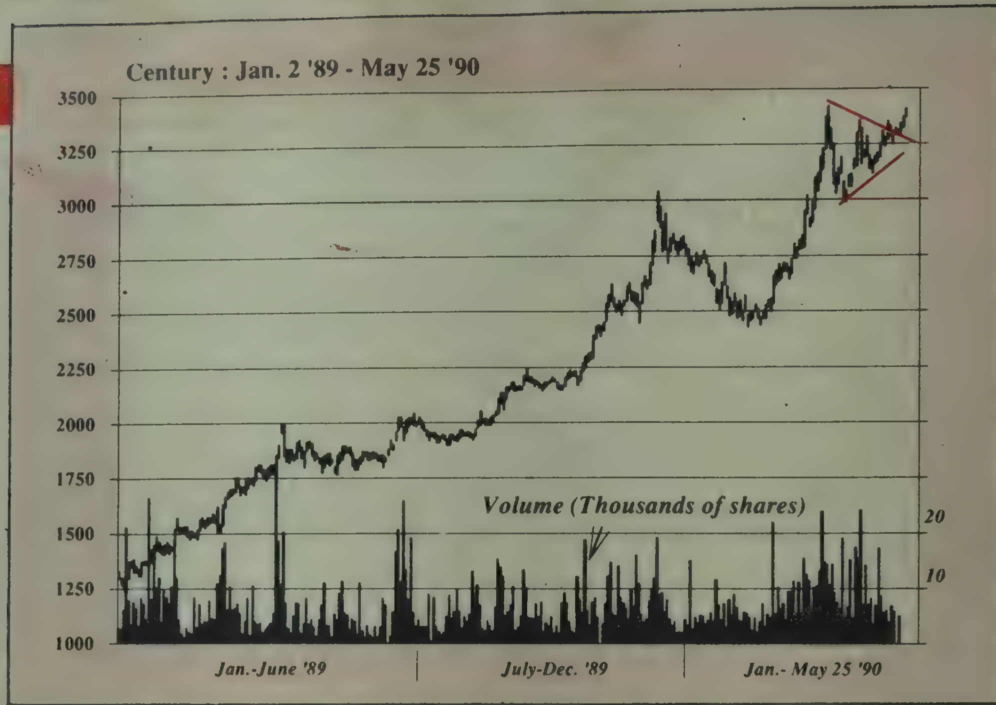
However bleak the volume situation may be, the near-term outlook for the indices (particularly the Sensex) looks healthy. Apart from Century and Telco, GSFC has begun to look bullish. These three are influential stocks as far as the indices are concerned. Other heavyweights — Tisco, Hindustan Lever and Reliance — are either moving up or holding steady. Thus, one or both the indices stand a fair chance of making a new high on account of these stocks.

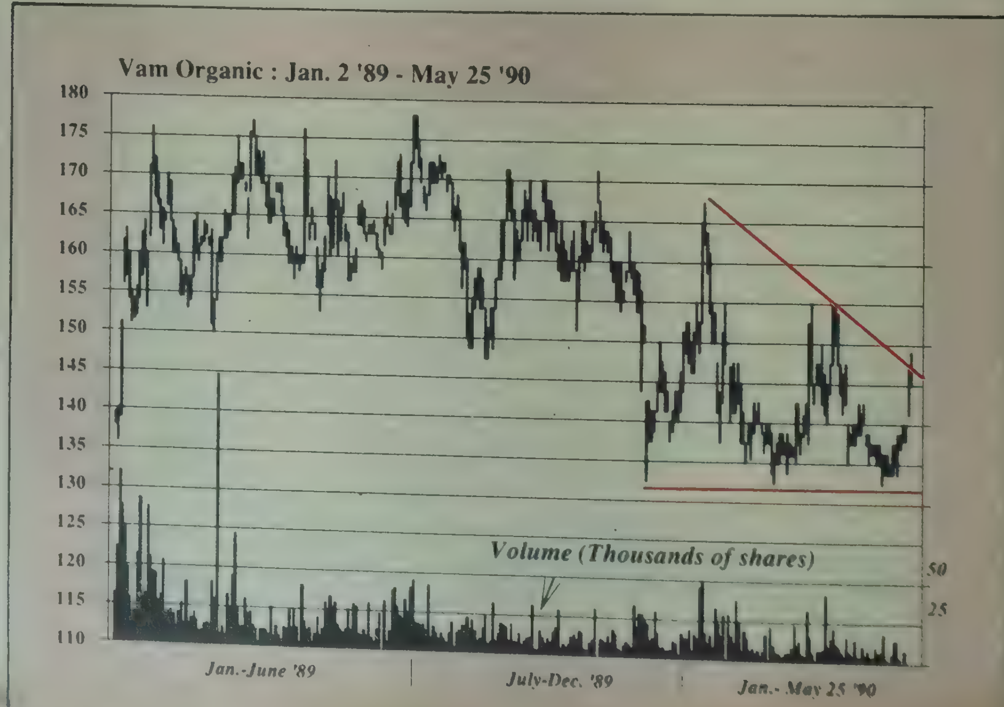
However, such a high could be deceptive as far as the rest of the market is concerned. The shakiness of the situation is highlighted by comparing the prices of specified group stocks on the peak of 4 April with those on the preceding (and lower) top of 10 January. 30 scrips advanced, 49 scrips declined and one (Pond's) was unchanged. This indicates that stocks are finding it harder to attain previous levels. The success of the indices has been largely on account of some of the heavyweights recording new highs.

Charts reviewed this week are the NI, **Century, GSFC** and **Vam Organic**. Century has a 200-day moving average (DMA) of Rs 2,521.50, which is rising. It has broken out of an ascending triangle giving it a new high target of over Rs 3,600. GSFC has a rising 200-DMA of Rs 172.08. It has just made a new high and broken out of a symmetric triangle giving it a target of around Rs 235. The volumes corresponding to the breakouts were not available; should these have been heavy, the targets should be easily attainable. Vam Organic is in a descending triangle. It has a declining 200-DMA of Rs 152.47. Descending triangles are traditionally considered to be bearish, but upside down breakouts are not uncommon at all — several of these occured after the last budget. Vam has successfully held out at Rs 132.50 — a breakout on either side of the triangle would indicate its eventual trend.

■ *Deepak Mohoni*

The author is a director of Midas Vision which deals in software and computer graphics.





A GOOD-LOOKING DUO

Two scrips — Gujarat Glass and Austin Engineering — have the potential to appreciate quite a bit in value. *BusinessWorld* takes a closer look at this duo

Gujarat Glass Ltd (GGL), an Ajay Piramal group company, went public on 7 March 1990 with an issue of 15 lakh shares at a premium of Rs 10 per share. The company manufactures glass bottles at two of its plants — a soda lime one, and a borosilicate plant — in Surat (Gujarat). The company's main market is pharmaceutical companies and it has most of the major Indian pharmaceutical makers on its clients' list.

GGL is currently on the capacity expansion trail. While it has already enhanced capacity at its borosilicate plant from eight tonnes per day (tpd) to 15 tpd, the soda lime plant's capacity is being hiked from 65 tpd to 130 tpd. Costing Rs 19 crores, the expansion is slated to be completed by December 1990. The company has roped in a Dutch company, PLM Consulting International B.V. Holland to help improve its manufacturing operations. PLM is one of Europe's largest glass container manufacturers. GGL's technology tieup with PLM is expected to upgrade quality, enhance productivity and pare costs.

In March 1988 the company's equity capital was Rs 80 lakhs. It rose to Rs 1.80 crores following a rights issue, and a public issue in March 1990 further raised the equity to the current Rs 3.30 crores.

IMPRESSIVE RECORD

The company has had an impressive financial track record. Turnover, which was Rs 14.02 crores in the 12 months to 31 March 1989, improved to Rs 19.23 crores in 1989-90 — a 37.16% jump. While gross profit moved up to Rs 3.43 crores (Rs 1.71 crores), net profit galloped ahead to Rs 1.99 crores (Rs 81.53 lakhs). The company hiked the dividend to 20% (15% for the previous two years). That GGL has been able to notch up a better performance shows that the expansion of its borosilicate plant has borne fruit.

The soda lime plant expansion, which is to go on stream by December 1990, should add even more cheer to the company's bottom-line. Turnover is expected to leapfrog to Rs 40 crores in the year to March 1992, with earnings per share in the region of Rs 13-14. This makes the current market quote of Rs 39-40 look rather low. The other companies in the Ajay Piramal group are also in fine lick: Morarjee Goculdas is quoting around Rs 680, Nicholas Labs is a robust Rs 140 and G.P. Electronics is at Rs 50. And GGL is also set to join their league with a potential to appreciate by 100% over the next 12-15 months.

Austin Engineering, a Gujarat-based company, manufactures a vast range of roller bearings — ball, cylindrical, roller, taper-roller, spherical roller and needle roller. These are also made in different sizes and find application in the automobile, textile, marine, tea processing and engineering industries.

The company has made its mark in the bearings market — both original equipment manufacturers (OEM) and replacement. The increasing demand for its products has encouraged Austin to expand its capacity from 7.4 lakh bearings to 21 lakhs at a cost of Rs 2.60 crores. This expense was part-financed through a public issue of shares worth Rs 1 crore in January 1986.

Austin, at the time of going public, assured its investors a minimum dividend of 17% pro-rata for the year ended 31 November 1986. This commitment was fulfilled but, for the subsequent 17-month period ended 31 March 1988, Austin was forced to skip dividend as the company's working suffered a setback. Though turnover doubled, gross profit remained constant thus eroding margins from 8.6% to 4.7%.

The next year (1988-89) was excellent for the company with turnover rising to Rs 10.5 crores, gross profit to Rs 1.04 crores and net profit to Rs 66 lakhs. The margins showed a steep rise from 4.7% to 9.9%. The earnings per share worked out to Rs 4.43 and the dividend paid was 18%. The half-yearly results to September 1989 too are encouraging with turnover at a healthy Rs 6.5 crores, gross profit at Rs 94 lakhs and net profit at Rs 66 lakhs. The margins have shown a futher jump to 14.5% while the net profit equals that achieved for the whole of 1988-89. The second half too is expected to be good and there are indications that turnover for 1989-90 would exceed Rs 14 crores with earnings per share of around Rs 9.50.

Currently, the bearings industry is in good shape. All bearings units have been doing fairly well, thanks to the boom in the automotive industry. To meet the growing demand, Austin Engineering is planning a futher expansion of capacity. The capacity enhancement should add further to the turnover and profits of the company.

The company's book value per share as on 31 March 1990 (after distribution of dividend) is likely to be around Rs 28. Austin Engineering should notch up an EPS of over Rs 9. The company is also expected to report a dividend of 18% or more. Considering all these factors, the shares of Austin look attractive enough at the current price of Rs 55. The scrip has the potential to appreciate by 50% over the next 9-12 months.

■ *Clifton Desilva*
The author is a Bombay-based investment manager.

INSIDE INFO

■ Mid-June should bring a lot of cheer to most investors. A host of companies is expected to reward investors with bonus issues. Among those tipped to do so are **Blue Star, Hindustan Ciba Geigy, Hoechst** and **Thomas Cook.** While the former two are expected to declare 3:5 bonuses, the latter two are tipped to be liberal with a 1:1 bonanza. **Vam Organics** may also be a bonus candidate.

■ **GTC Industries** is toying with the idea of disinvesting its holdings in **Bhadrachalam Paperboards,** an ITC group company, either partially or fully. If the disinvestment takes place, GTC is expected to offer the shares to its own shareholders. With this, GTC's shares are tipped to be hot favourites in the weeks to come.

■ Bombay's big bull and his main lieutenant covered up (on 18 May) their huge positions in **Telco** at Rs 135 (earlier short at an average of Rs 150). Prior information was certainly available to them as later during the day, the notice for the company's board meeting made no mention about a bonus issue. Of the total volume of 5.5 lakh shares covered on that day, the coterie accounted for a hefty 4.5 lakh shares. Smacks of insider trading.

However, despite the absence of bonus news, certain fringe players in the Bombay stock exchange were tipping that Telco would nevertheless take up the bonus issue at its board meeting scheduled on 20 June. A leading private investment banker was also in the fray, advising resourceful clients to go in for Telco. However, the scrip, which closed at Rs 143 on 25 May, showed no signs of the expected bounty.

■ The No.2 man in the Bombay big bull coterie has begun building up positions in **Mukand** and **Eskayef.** Their quotations, which moved up from Rs 133 and Rs 143.75 (11 May) to Rs 146 and Rs 150 (25 May) respectively, were reflective of the positions being gradually built up. The coterie is said to have acquired about 70,000 shares of Mukand during the week ended 25 May.

Eskayef was tipped to announce rosy results and marketmen were expecting earnings between Rs 15 and Rs 20 per share. That was yet another reason why its quote perked up to Rs 150.

■ **Milkfood** is expected to give a rude shock to its investors when the audited accounts are tabled in mid-June. The losses are rumoured to be large enough to wipe off its entire net worth and the company may land up in the BIFR bed. The company is busy seeking an extension of time to file its final results. The rumours are, however, that the company might tinker with certain accounting practices, such as inventory accounting, in a bid to project a not-so-serious picture. Meanwhile, the share was losing about Rs 10 every trading day during mid-May, closing at Rs 130 (25 May) against Rs 190 (11 May).

■ The moves of institutional players never cease to mystify marketmen. While Mukand is being fancied by the bull coterie, the **Unit Trust of India** (UTI) disinvested a sackful of the scrip on 25 May. All this when the company was being rumoured to have performed well and expected to announce a high earning per share (EPS). The reason could be that the share, at Rs 150 on 25 May, was close to its previous high of Rs 155. The me-too **SBI Capital Markets** joined the act with a sale of about 20,000 shares. Little wonder then that the scrip closed a shade lower at Rs 146 on that day.

■ **Canbank Mutual** was shaking up the market in **Sesa Goa** during the week ended 25 May. Its heaviest acquisition came a day earlier. Despite this renewed interest, the scrip only inched up from Rs 105 (11 May) to Rs 107 (25 May). As the smartest and the most speculative of the institutional players went in for the scrip, marketmen were smelling something big soon. However, marketmen were waiting for volumes to go up before deciding whether to buy or not.

■ **Bihar Sponge Iron** is witnessing a lot of interesting buying. Reason: the company is expected to end the year 1989-90 (nine months' working only) with a marginal net profit. And with sponge iron prices booming, in the next year the EPS is expected to be around Rs 4. In support, sources point out that the scrip values (on 25 May) of Ipitata at Rs 28.75 (with a negative book value of Rs 8.57) and Orissa Sponge at Rs 46.25 (also with a negative book value of Rs 14.18) are quite high. Bihar Sponge, moreover, will be offering rights equity shares in the ratio of 1:10 shortly.

■ There's a lot of action in **Modi Alkalies.** The market grapevine is abuzz with the news that the company may declare a dividend for the previous year ending March 1990 though the huge depreciation for earlier years is yet to be provided for. The scrip value has appreciated from Rs 16 to Rs 21 in the last one month and may witness a further rise before a final announcement on the dividend is made.

MODERN GROUP

EXPORT & FLOURISH

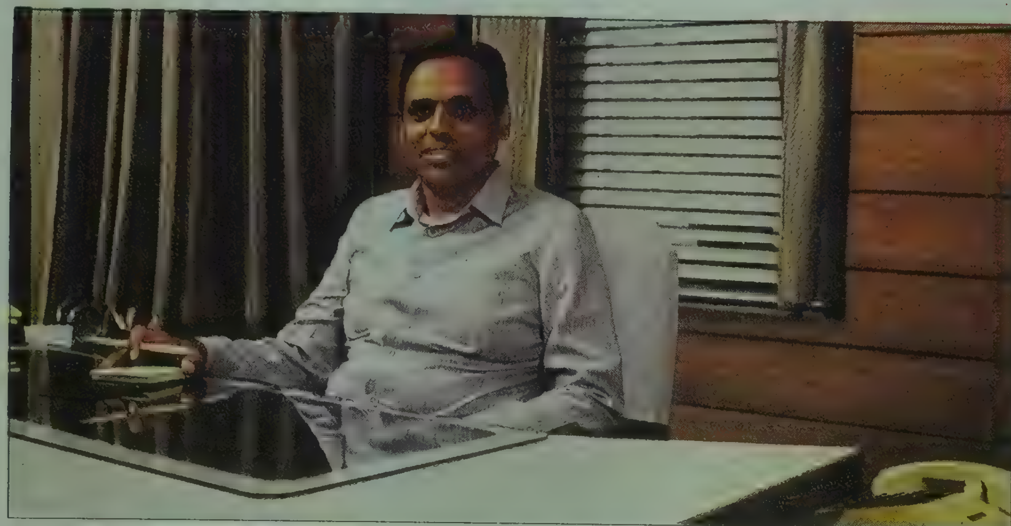
Turbocharging into exports. That's the route Jaipur-based textiles conglomerate Modern group has chosen. The group's clutch of five companies (four of which are in the textiles sector) are all raring to get onto the fast track. And export is the key buzzword. Consider: the group has set for itself the ambitious target of more than doubling its turnover from 1989-90's Rs 140-and-odd crores to over Rs 300 crores in the next three years. And group chairman H.S. Ranka predicts that a third of that impressive target will accrue from exports. If that happens, it would be a big jump. For, at present, the group's exports tot up to a piffling 7% of turnover.

Though Ranka may sound overambitious, he backs his group's new thrust into exports with logic. Says he: "Earlier, the potential was never realised." Moreover, tough procedures and stiff regulations made the prospects of selling abroad daunting. "But with the gates thrown open now, a little effort in the international market can pay rewarding results," says Ranka.

New-found thrust. The group's new-found love affair with exports has come with the induction of heavyweight executive R.K. Jajoo as chairman of the group. Jajoo, who earlier implemented Gujarat Heavy Chemicals Ltd.'s (GHCL's) soda ash project and was an advisor to the Bombay-based Essar group, is spearheading the Modern group's export drive. Says he: "If one wants to grow, exports is the best solution." His gameplan: import state-of-the-art technology, plant and machinery; achieve at least 33% value-added production and export the entire output.

The group's new projects reflect that spirit. Three of the five ongoing ventures are 100% export oriented units (EOUs), while the other two will also cater to the global market. Says Jajoo: "There's a boom in textile exports and we are confident of achieving our targets."

And going by what's happening at each of the five Modern group companies, that confidence is perhaps justified. Take a look:



H.S. RANKA'S THINKING BIG

■ The group's flagship company, Modern Woollen, is already on overdrive. To the already installed capacity of 7,200 spindles for woollen carpet yarn and worsted yarn, another 3,600 spindles are being added, mainly to tap the export market. A 100% EOU for the manufacture of woollen tops is also being set up in technical collaboration with Scild of Switzerland. The total capital outlay of Rs 30 crores for these projects was raised from the capital market in October last year.

With these new projects, Modern Woollens' exports are expected to shoot up from Rs 90 lakhs at present to Rs 25 crores in the next three years. And turnover is likely to jump from Rs 25.44 crores (for the year ending September 1989) to Rs 75 crores by 1992-93. Gross profits are projected to zoom from Rs 2.92 crores to Rs 7.50 crores.

■ Modern Suitings, another group company, has major export-oriented programmes on the cards too. The company has signed a memorandum of understanding (MOU) with SBA and Cerruit, the US readymade garment giant, for a Rs 40 crore project to manufacture 7.2 million metres of denim suitings. "While most of the production will be exported, a part of it will go for the domestic market," says Ranka. The turnover from this unit is expected to be around Rs 35 crores a year.

MODERN GROUP GROWTH PROJECTIONS

(in Rs crores)

Turnover	1989-90	1990-91*	1991-92*	1992-93*
Modern Woollens	30	50	75	75
Modern Syntex	30	40	40	60
Modern Suitings	50	60	70	75
Modern Threads	29	30	40	60
Modern Insulators	11	20	25	30
Total	**150**	**200**	**250**	**300**
Gross profit	**1989-90**	**1990-91***	**1991-92***	**1992-93***
Modern Woollens	3.00	5.00	8.50	8.50
Modern Syntex	1.10	1.50	2.00	3.50
Modern Suitings	4.90	5.00	9.00	15.00
Modern Threads	1.00	1.30	1.50	3.00
Modern Insulators	—	2.20	4.00	5.00
Total	**10.00**	**15.00**	**25.00**	**35.00**
Exports		**1974-75**	**1989-90**	**1992-93***
Modern Woollens		Nil	0.90	25.00
Modern Syntex		Nil	6.00	20.00
Modern Suitings		Nil	2.00	20.00
Modern Threads		Nil	1.00	30.00
Modern Insulators		Nil	0.10	5.00
Total		**Nil**	**10.00**	**100.00**

*projections

Forward integration. A major move in the domestic market is to go in for forward integration. Not only does the company have plans to market readymade garments but it is also setting up exclusive showrooms across the country offering everything for

PREMIUM STRATEGY

Dhirubhai Ambani pioneered it. And Abhey Oswal practised it in full cry. Others followed suit, including H.S. Ranka of the Modern group.

It's called the premium game and the general idea is to fund projects almost entirely by premium equity. The gains are attractive: the service cost of finance raised drops dramatically if the premium is hefty.

Consider: Modern Woollens' Rs 30 crore expansion project was financed by a Rs 3 crore foreign currency loan, Rs 24 crores of fully convertible debentures and Rs 3 crores of non-convertible debentures. Part A of the convertible debenture of Rs 40 (total face value: Rs 120) will be converted into two equity shares of Rs 10 each at a premium of Rs 10 each next July. With a 25% dividend payout, the effective payout of the company stands reduced to 12.5% due to this 100% premium. And the payout would have been lower still but for the recent change in norms for fixing premia by the Controller of Capital Issues (CCI).

Did Modern Woollens' share deserve a premium of Rs 10 in the first place? The CCI takes the last three years' average of earnings per share (EPS), book value of the share and market prices as parameters to determine the premia. The EPS average stood at Rs 4.77 and the book value at Rs 16.60. The market prices average is anybody's guess since the company's shares were hardly quoted earlier.

But Ranka may not get a higher premium on his next conversion. Part B of the debenture is to be converted into "such number of equity shares of Rs 10 each at such premium to be decided by the CCI" after 18 months from the date of allotment (in July 1991), but the CCI may not be so munificent this time following the change in norms. Finolex Pipes, which recently applied for a Rs 20 premium was granted only Rs 5. Thus, the Modern Woollens plan could also backfire.

After the first conversion in July 1990, the equity base of the company will increase to Rs 6.12 crores. If the CCI allows part B of the debenture with a value of Rs 80 to be converted into six shares, the equity base of the company would rise to a whopping Rs 18.16 crores. With a projected gross profit of Rs 8.5 crores in 1992-93, the EPS of the company would be less than Rs 3 assuming a net profit of Rs 5 crores after interest and depreciation. And a setback in net profits could even force a reduction in dividend rates.

Will the Modern gambit pay? It all depends on what premium the CCI sanctions for Modern Woollens when it goes for conversion of part B. Meanwhile, the Industrial Credit & Investment Corp. of India is giving the company's plans the once over.

men — from suits to casual denims and shirts; from tie-pins and cufflinks to calf-skin shoes and wallets. The company has already set up one such retail show-room on home turf in Jaipur, while the second one will be opened at Karol Bagh in New Delhi. In the current financial year, six more showrooms will come up in the other metros.

Says Modern Suitings executive director Kamal Ranka: "The company will not own the property (for the showrooms) but enter into franchise agreements with the owners offering them liberal terms." Ranka's also hunting for a foreign brand name for his new readymades range. "The foreign tieup will mainly be for expertise in designing, for identifying changing fashion trends and for marketing. Not for cashing in on an established brand name," says he.

Modern Suitings hopes to increase its turnover from Rs 50 crores in 1989-90 to Rs 75 crores by 1992-93 with exports recording a tenfold rise from Rs 2 crores to Rs 20 crores. Gross profits are also expected to shoot up — from Rs 4.90 crores to Rs 15 crores. Almost the entire Rs 40-crore expansion cost will be met through a rights-cum-public issue of convertible debentures in July 1990, while the foreign exchange component will be financed by the Industrial Credit & Investment Corp. of India (ICICI).

■ Modern Syntex, one of the country's largest producers of blended yarn, has a Rs 25 crore export venture in the works. It has signed up a Swiss-based collaborator for this project. The company currently has an installed capacity of 26,880 spindles and is the main forex earner of the group. In 1988-89, it exported 823 tonnes of yarn valued at Rs 6 crores and in 1989-90 the level's expected to be maintained.

KAMAL RANKA HAS FASHIONABLE PLANS

However, by 1992-93, with the new project off the mark, exports are expected to rise to Rs 20 crores. The company expects to double its sales from Rs 30 crores in 1989-90 to Rs 60 crores in 1992-93 with a three-fold rise in gross profits from Rs 1.10 crores to Rs 3.50 crores.

■ Modern Threads, another company of the group, manufactures industrial yarn, sewing threads and acrylic knitting yarn. It will be flagging off a Rs 25 crore 100% EOU for cotton yarn. An MOU for setting up this project has already been signed with a Belgium-based textile company. Modern Threads currently exports goods worth Rs 1 crore, but with the new unit that figure could shoot up to Rs 30 crores by 1992-93. The company's turnover is likely to double from Rs 29 crores in 1989-90 to Rs 60 crores, while the

gross profits are projected to increase from Rs 1 crore to Rs 3 crores in these three years.

But not all Modern group companies are on the growth path. One company in a shambles is Modern Insulators, though chairman Ranka says it is out of troubled waters now and is all set to takeoff. Explains Jajoo: "The problem it faced was non-availability of quality raw material." Plus teething troubles in the manufacture of high-tension insulators. But, although Ranka is confident of a turnaround with help from German giant Siemens, things are still uncertain. Recently the German company denied Ranka's claim that it would be pumping in equity capital as part of its revamp plan.

JAJOO'S MASTERMINDING THE OUTWARD THRUST

The export thrust to the five Modern companies is provided by the group's trading outfit, Modern International Ltd. "All the group exports are handled by this company," says Jajoo. Apart from the group's own textile-related products, Modern International also exports jewellery, handicrafts, building material, carpets and leather. From exports of around Rs 10 crores currently, the company is all set to channel exports worth Rs 100 crores in the next three years. Recently, the company was able to tie up with a leading textile buyer of Europe for the supply of Rs 45 crores worth of the group's products over a period of three years. For Ranka, that's just starters. He's negotiating a similar arrangement with a Swiss company.

For the Modern group, the future's literally outward looking. And on paper the plans look peppy: a two-fold rise in group sales over the next three years, riding on a ten-fold increase in exports. But will Ranka pull it off? The only niggling doubts are raised by the group's penchant for funding almost all its investments through equity (see box). Or hefty premia on equity (see box). While that's a familiar path for megabuck players like the Ambanis and Oswals, Ranka will have a tough time traversing it.

■ *Shashi Shekhar*

THE ULTRA OPTION?

It is the precedent that makes it ominous. The Bangalore-based Ultra Business Machines, a small computer firm which has been languishing for some time, is shifting operations to Madurai and Madras. But, claim the workers, it is just a pretext to close it down quietly.

They have a sense of deja vu: a short while earlier, Pasadena Technology India — an outfit which was set up to manufacture sub-assemblies for Ultra machines and market them — folded up under similar circumstances. Singularly, the TVS family has been involved in both the companies; in Ultra, 70% of the equity is held by TVS family members in their individual capacities.

Worked up. The 44 employees are obviously worked up. "We have been given less than four weeks' time," says one. "Nothing has been said in writing. And only verbal promises of accommodation in others TVS units have been made to those unwilling to accept the transfers."

The management, however, thinks the workers are creating much ado about nothing. "We are merely shifting marketing and customer support services to Madras,"

Ultra Business Machines, a small computer outfit of the TVS group is shifting shop. But it's a ploy to close the firm, the workers allege. What's the truth?

says director Radha Goel. "The objective is better coordination. Hardly five or six people will be affected." Another company executive admits, however, that there is a proposal to shift the company's computer and telecom systems divisions. "But it is just a matter of loud thinking." He adds that not a single employee lost his job when Pasadena was wound up.

Ultra employees are not buying the argument. They say that since the original promoters stepped out (Ultra was set up by two former PSI employees in 1981), the company has gone to the dogs. Today, on an equity capital of Rs 7 lakhs, the accumulated losses stand at Rs 70-80 lakhs.

The management, however, is still waxing optimism. Several new products — Unix systems, workstations, fax units, modems and Epabx systems — are supposed to be on the anvil. Turnover in 1989-90 was Rs 1.6 crores which was a 40% improvement over the previous year. Next year should be better. That is, however, if the company is still around.

■ *N. Raghavan*

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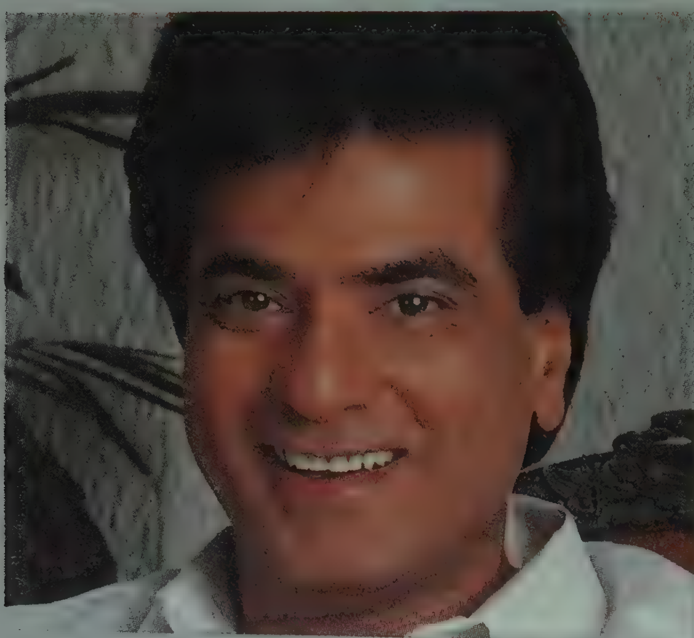

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Creative Unit 7650 R

NEW CONTRACTS

■ **The Education Development Centre** of the US has signed a contract with National Institute of Information Technology (**NIIT**), for interactive video-disc (IVD) programmes. Janice Brodman, director, International Information Technology, EDC and P. Rajendran, executive director, NIIT, signed the agreement.

■ **Urmila & Co.**, an associate of Ardeshir B. Cursetjee & Sons has bagged a Rs 14.5 crore transportation contract from **Nagarjuna Fertilizers.**

AWARDED

■ **Mudra Communications** has picked up 18 awards, both national and international, for work done in 1989.

NEW RESORT

■ **Quality Inns India**, the Indian joint venture of Quality International, has announced that the **Corbett Jungle Resort** at the Corbett National Park

has joined the Quality Inns system. The resort will be the first internationally-franchised wildlife resort in India and also the first in the Quality International system worldwide.

NEW PUBLICATIONS

■ **The Indo-German Chamber of Commerce** has released its new edition of *Duty-Free Imports from India into EEC.*

The 134-page publication is available at all offices of the chamber at Rs 100. Members of the chamber are entitled to a free copy on request.

■ Khurshid Alam Khan, the governor of Goa, released *Fare Forward Voyager*, the late **Vasudev Salgaocar's official biography**, by Frank Simoes.

NEWS BRIEFS

■ The Monopolies & Restrictive Trade Practices Commission (MRTPC) has instituted an enquiry against **Raymond Cement** (a unit of Raymond Woollen Mills) for refusing to supply cement at levy rates.

■ Maharashtra Electronics Corp. (**Meltron**) is setting up a software development academy at Bombay and Pune to provide training programmes for software exporters.

■ Indian Petrochemicals Corp. Ltd. (**IPCL**), which set up a joint venture with GE Plastics of Holland early this year, is likely to set up another joint venture to manufacture alphaolefins.

■ The Gas Authority of India Ltd. (**Gail**) has cancelled gas allocation for three fertiliser plants — K.K. Birla's Chambal Chemicals & Fertilisers, Tata Chemicals and Abhey Oswal's Bindal Agro.

■ Toshiba Anand Batteries (**TAB**) has been taken charge of by Toshiba Corp. of Japan, to nurse the sick unit back to health.

■ **Hinditron Computers** has been appointed the Indian distributor of Novell Inc. of the US. Hinditron will publish Novell manuals, software packages and sell Netware products through Novell's distribution channels in India.

■ Hoechst AG of W.Germany is likely to increase its equity stake in Polyolefins Industries Ltd. (**PIL**) to 40% from 31%. This increase will help PIL to part-finance the foreign exchange requirements of its expansion projects costing about Rs 300 crores.

■ The Maharashtra Gas Cracker Complex (**MGCC**) set up by the IPCL in Nagothane is scheduled to be commissioned by early June.

■ **Hindustan Copper,** the sole producer of primary copper in the country, has planned to spend Rs 2,000 crores within 10 years to bring about a three-fold increase in capacity.

■ The amalgamation of **KIDB Industries** with Thapar group company **Ballarpur Industries** has been okayed by the Centre.

■ **Birla Technical Services** and a few other Birla group companies are to sign an agreement with the West Bengal Industrial Development Corp. to set up a mini-steel plant in Malda.

■ **Sankey Wheels**, a company promoted by Guest Keen Williams (**GKW**), is facing problems, with Sankey's bankers refusing to provide additional funds. GKW is planning to approach the West Bengal government for some form of financial assistance, according to *Business Standard.*

■ **Davy Powergas India** has been selected by **Ceat** as engineering consultant to build its Rs 200 crore integrated tyre cord unit near Gwalior.

■ Nine companies, including five which have formed a consortium, are in the race to take over **Gujarat Themis Biosyn,** a sick Vapi-based pharmaceutical company.

■ National Organic Chemical Industries (**Nocil**) has accepted all environmental conditions laid down by the central and state authorities for its Rs 1,800 crore expansion and modernisation plan.

■ **Bharat Petroleum** has renewed its agreement with **Reliance Industries** for supply of wild cut naptha.

■ **Oswal Agro Mills** has been served with a 15-day show-cause notice by the Maharashtra government as to why it should not be asked to stop production at its Chembur factory for its failure to comply with environmental safety norms.

■ The proposed capacity expansion of the **Vizag Steel Plant** by 2.7 million tonnes under a Soviet technical and financial programme has been shelved.

THE FIRST JOB CHANGE

Should I change jobs? Or should I stay on? This is a crisis situation many young men and women come up against. And especially if it's the first job.

Fresh out of college — with perhaps an MBA, engineering, or chartered accountant's qualifications — one might have been recruited on campus or off it. In the beginning, all seems to go well. For some, maybe for three years or even six. And then somehow comes the feeling that one is just not making progress. One becomes part of the scenery, almost taken for granted. In spite of the contributions made to the company, when it comes to the annual increment or the promotion, one is given the 'regular' increment — or bypassed for promotion. "Raj is always with us — has been, and will be," sums up the top management's attitude. Is this then the time to change jobs?

A CRITICAL MOVE

The first job hop can be very critical. It is a change that often determines an individual's future progress. And a wrong move at this juncture can mar one's career path and find one barking up the wrong tree.

To make sure that one does not make a mistake, a few precautions need to be taken.

- Ensure that your present judgment about your company is the same as when you joined it. If you now find it different (from the 'inside') from what you had initially perceived it to be, it makes quitting that much easier. But if the company is true to its projected image, you will have to think about any change very carefully.
- Ensure that you have spent a sufficient number of years in the company. Something that is fair not only to yourself but to the company as well. This period of three to five years will have given you the time to learn right from the basics and also the time to contribute to the company which has invested in you. While there is no absolute timeframe, this period can vary from perhaps three to five years at the minimum and seven to 10 years at the maximum.
- Make a proper and objective extrapolation of your career within the company. You may be making slower progress, but may perhaps probably reach much further in the long run and be much happier in an environment where you have been trained and nurtured. A new company making an attractive proposition to you may give you an immediate big jump — but eventually, you may hit a plateau much earlier and finally reach a dead end.
- Make sure that you will gain substantially in financial and 'responsibility' terms with the job change. Vague promises of future prospects may never be converted to reality. There must be immediate gains. If you have to wait and gain, then you might as well stay put in your existing company. Also, your new company may be employing you only because it can't get someone more suitable, who may also be far more expensive and cannot be afforded for the time being. And when the company grows in a few years, it will in fact start filling in the slots from above, rather than promote people from below. So, you could be left out.
- Don't be carried away by big designations. Smaller companies use the ploy of giving high-sounding name tags to attract young and ambitious talent. Being called assistant vice-president (operations) of a Rs 50 lakh turnover company means very little — and will not fool anyone in the commercial world. At best, it may fool some people some of the time, and this is of little use to you — either as a current or future investment.
- Don't think the usual route — of a junior job in a large company to a senior job in a smaller company and back to a senior job in a large company — will always work. It may not. If you move to too small a company, especially a 'slow growth' one, you may just get stuck. You will remain a small company man for the rest of your career. You may get 'typed.' You will have to weigh the pros and cons very carefully before you take a final decision.

IN THE DRIVER'S SEAT

If, after considering all these factors you still want a change, then go for it. Perhaps you may even want to change your function together with the change in company. You will then have taken an important step — a milestone in your executive career.

The first job hop is always the most difficult. It is the first time you have to reorient yourself. It is the first time you have to readjust to a new environment. The future in a new company always seems very uncertain. It's like being in the driver's seat alone after the driving school lessons are over.

So you have to make sure — as sure as you can — that you are moving forward in the right direction — and that you will never regret what you did.

The first job change is very important. It should not be decided in haste

■ *Walter E. Vieira*

The author is a Bombay-based management consultant.

PICK OF THE JOBS

"Despite having excellent product lines and ample growth opportunities, family-managed businesses attract very few good managerial talent. This becomes a serious constraint for companies which want to expand further. Instead of paying lip-service, such business groups should put into practice the best professional management practices," observes Clarence Lobo, director of Personnel Search Services, a Bombay-based recruitment firm.

LEGAL ADVISOR

Company: International bank with a wide network of branches in India.

Requirements: In the mid-thirties; practising in a solicitor's firm of repute; should have handled a wide range of legal matters for large companies or banks; special expertise in the areas of property laws and documentation.

Other details: Will advise the bank's management on law.

Remuneration: Attractive, 🏠 🚗.

Enquiries to: Personnel Search Services.

MANAGING DIRECTOR

Company: Subsidiary of a well-known multinational consumer products manufacturer; promoted recently with a Rs 25 crore plus capital and engaged in the foods industry.

Requirements: Chemical engineers; in the mid-forties; considerable experience in chemical or process industries; should possess strong man-management skills.

Remuneration: Attractive, 🏠 🚗.

Enquiries to: Personnel Search Services, 3rd floor, Sambava Chambers, Sir P.M. Road, Bombay 400 001. Tel: 2862660, 2860755, 255476, 295963.

OPERATIONS MANAGER

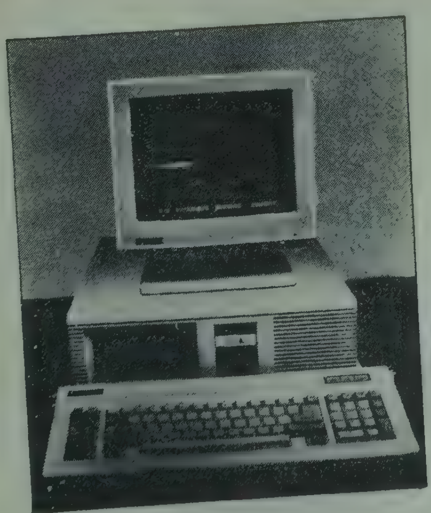
Company: Manufacturer of office equipment; part of large group.

Requirements: MBA; in the mid-thirties; three to four years' experience in the office automation industry; ability to manage a large team.

Other details: Will be based at Delhi or Bombay; responsible for the marketing activities in the west and south; will be supported by a high calibre team of regional managers, sales executives, etc.

Remuneration: Rs 1.5 lakh plus per annum, 🏠 🚗.

Enquiries to: Personnel Search Services.



GENERAL MANAGER — EXPORTS

Company: Hosiery manufacturer.

Requirements: Senior executive; 35 years of age; experience in large garments and leather export houses; familiar with Middle East, South East Asian and European markets.

Remuneration: Very attractive.

Enquires to: Personnel Search Services.

GENERAL MANAGER — MARKETING

Company: Manufacturer of hosiery, diversifying into readymade garments.

Requirements: MBA; in the mid-thirties; successful track record of brand conceptualisation and launching.

Remuneration: Negotiable.

Enquires to: Personnel Search Services.

BUSINESS PLANNING MANAGER

Company: New venture to manufacture biaxially-oriented polypropylene (Bopp) film; unit of a large group.

Requirements: Engineer; post-graduate in business administration; 35-40 years of age; 10 years' experience, of which five years have to be in a senior level.

Other details: Responsible for identifying new projects/business for diversifying.

Remuneration: Rs 2.5 lakhs plus per annum.

Enquiries to: The Concept, 67 White Hall, 143 August Kranti Marg, Bombay 400 036. Tel: 8224422-23, 8118319.

REGIONAL MANAGER — MARKETING

Company: Manufacturer of biaxially-oriented polypropylene film.

Requirements: Engineer/MBA; 35-40 years; specialisation in plastics preferable; 10 years' relevant experience, preferably in flexible packaging business; contacts with large end-users and converters of packaging materials.

Other details: Will report to vice-president.

Remuneration: Rs 1.5 lakhs plus.

Enquiries to: The Concept.

VICE-PRESIDENT — MARKETING

Company: Pharmaceutical manufacturer; sales of Rs 60 crores per annum.

Requirements: MBA; 40-45 years of age; marketing professional with strengths in plant protection science, field selling; heading a pharmaceutical division.

Other details: Will be based in Delhi; will report to the managing director; responsible for all aspects of sales and marketing.

Remuneration: Rs 3 lakhs plus per annum, .

Enquiries to: The Concept.

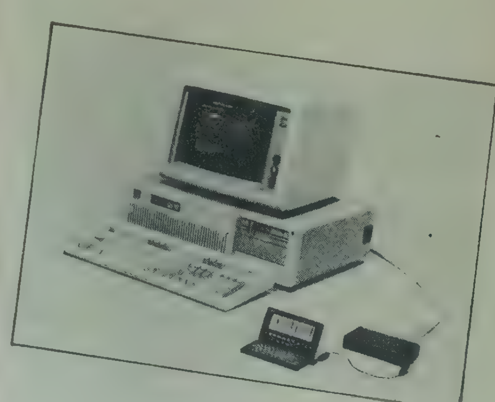
GENERAL MANAGER — WORKS

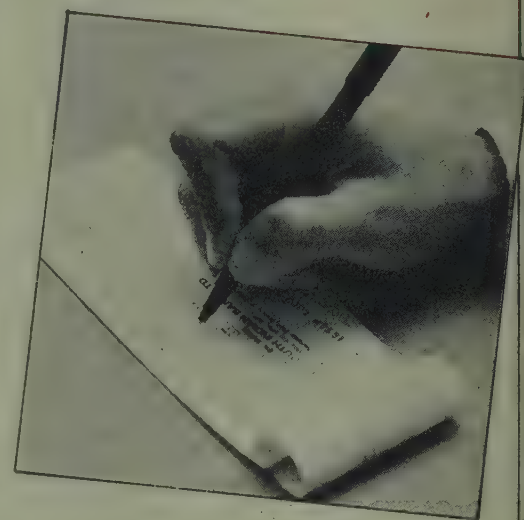
Company: Manufacturer of hazardous chemicals; Rs 30 crores annual turnover; based in Surat.

Requirements: Chemical engineer; 45 years of age; 15-20 years' experience, of which 7-10 years at a senior level.

Remuneration: Rs 1.5 lakhs plus per annum, .

Enquiries to: Systematics Management Consultants, TBS 117/118 Maker Chambers V, 221 Nariman Point, Bombay 400 021. Tel: 2046105.





R&D DIRECTOR — PHARMA

Company: Pharmaceutical manufacturer.

Requirements: Ph.D.; 10-15 years' research background; should have done original work.

Other details: Will have to plan and set up an R&D unit.

Remuneration: Negotiable.

Enquiries to: Jonzehn Services, 7-A St. Anthony Road, Bandra, Bombay 400 050.

TAXATION MANAGER

Company: Multinational pharmaceutical manufacturer.

Requirements: CA with legal background; adequate experience in taxation.

Other details: Responsible for all taxation matters.

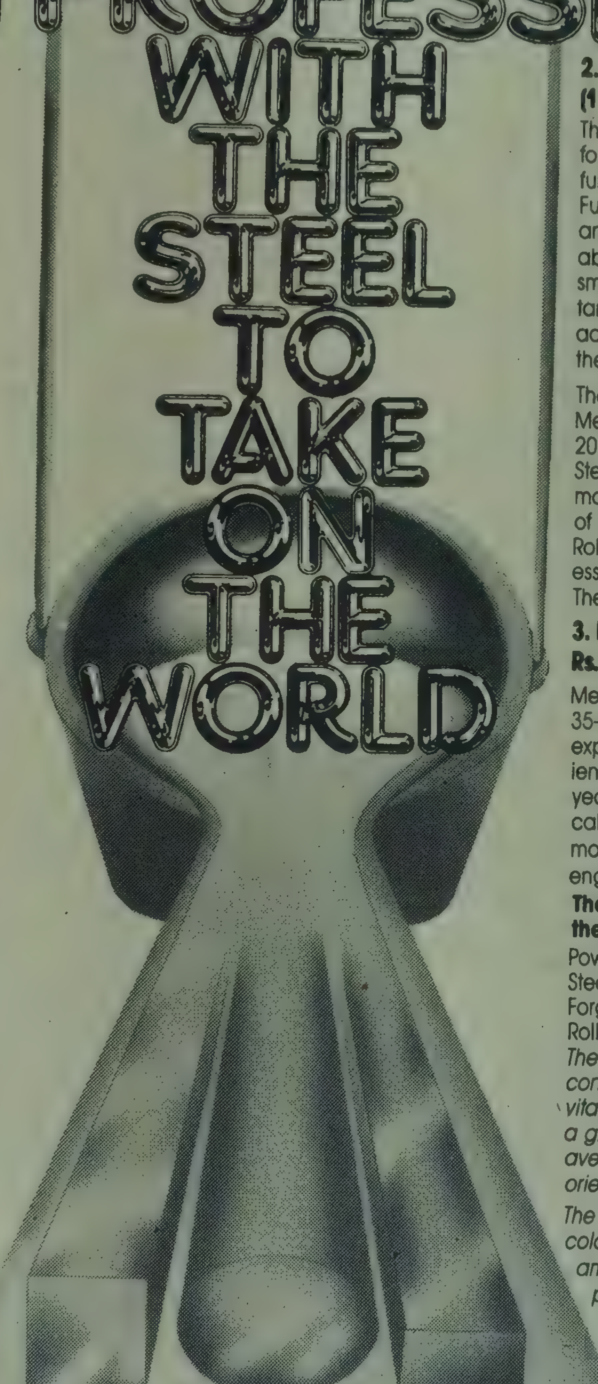
Remuneration: Negotiable, liberal perks.

Enquiries to: Jonzehn Services.

■ *Indra Gidwani*

APPOINTMENTS

WANTED TOUGH PROFESSIONALS WITH THE STEEL TO TAKE ON THE WORLD



At Powmex Steels we are preparing to meet a most exciting challenge. We are setting up Asia's first plant employing advanced Powder Capsule Forging and ingot technologies to manufacture High Speed Steels that will challenge the finest produced in the world. The Rs. 700 million project at Turla, Bolangir District, Orissa, has technical collaboration of the world leaders M/s. Bohler Ges MBH of Austria. Powmex is the first Indian Company to get the benefit of their pioneering Powder Capsule Forging technology.

The plant will have an installed capacity of 3750 TPA which will reduce the existing demand-supply gap of 5600 TPA and save foreign exchange. The plant will begin commercial production in the first quarter of 1991. The plant will have an Electric Arc Furnace from M/s. GEC, a Gas Atomisation Plant from M/s. Osprey, U.K. and a Capsule Manufacturing Unit from M/s. National Forge, Belgium. It will also have Reheating and Annealing Furnaces from M/s. Wellman, Horizontal Precision Forging Machine from M/s. GFM, Austria, 9 strand Wire Rod Mill from M/s. Mecon and other sophisticated steel plant equipment from reputed manufacturers in India and abroad.

To help us take on the world and win we need exceptionally talented professionals.

1. GENERAL MANAGER-MARKETING
(1 POST) HYD Rs. 1,40,000 p.a.

The incumbent will head the all India sales and marketing function for High Speed Steel sections and provide the necessary thrust both in domestic and international markets to achieve leadership for the company's products.

Responsibilities include developing overall marketing objectives, formulating strategies and effectively administering their implementation. A creative and dynamic marketing approach is needed, as also an ability to organise and motivate a strong team of marketing professionals to achieve the company's sales targets. Establishing a national distribution network, product promotion, developing innovative pricing plans, after-sales etc, will be part of the job profile.

The right candidate would be a graduate in Mechanical/Metallurgical Engineering and around 45 years of age. The candidate should have 20 years relevant experience including 5 years as head of sales in a large special/alloy steel plant. Exposure to international marketing and export will be an added advantage.

The position reports to the Joint Managing Director.

2. GENERAL MANAGER - WORKS
(1 POST) Rs. 1,40,000 p.a.

The incumbent will have integrated responsibility for ensuring high performance in the overall functioning of Steel Melting, Forging, Reheating Furnaces, Powder Metallurgy Shop, Rolling Mills and Finishing Section. Will need to demonstrate ability to implement and run plant operations smoothly and optimise quality, quantity and cost targets. The candidate will have to bring sound administrative, technical and liaisoning skills to the job.

The right candidate would be a Mechanical/ Metallurgical Engineer, 45 years of age, with 20 years shop floor experience in special/alloy Steel Plants including 5 years in a senior managerial position. Comprehensive knowledge of state-of-the-art technology in Steel Melting, Rolling and advanced forging techniques is essential.

The position reports to the Vice-President.

3. HEADS OF DEPARTMENTS (7 POSTS)
Rs. 80,000 to 1,05,000 p.a.

Mechanical/Metallurgical Engineers around 35-40 years of age, with 10-15 years shop floor experience including 10 years relevant experience at a large special/alloy steel plant and 5 years at a senior managerial level. The positions call for good human-relations skills to lead and motivate a large employee force of high-caliber engineers, skilled and semi-skilled workers.

The incumbent will head one or two of the following departments

Powder Metallurgy Shop	Quality Control
Steel Melting Shop	Finishing Section
Forge Shop	Maintenance
Rolling Mill	

The work environment is warm, open and congenial where employees are considered a vital part of the Powmex family. Powmex provides a great degree of operational autonomy and avenues for rapid growth for contribution-oriented persons.

The Company is constructing a modern housing colony for executives and workers with all amenities and recreational facilities at the plant site at Turla. The town is well connected by road and rail from Raipur, Bhubaneshwar, Rourkela and Visakhapatnam.

Apply with full details of qualification, experience, enclosing certificates and 2 photographs. Please superscribe the envelope with the position applied for and post it to the address given below, so as to reach us within 20 days of this advertisement.

POWMEX

POWMEX STEELS LTD., (An assisted unit of IPICOL) · 8-2-621/A Road No. 10 Banjara Hills HYDERABAD-500 034.

MAA COMMUNICATIONS/H/PSL/5/90

asian paints (INDIA) LIMITED

PHTHALIC DIVISION

We have set up a new division in Ankleshwar, Gujarat to manufacture Phthalic Anhydride, a raw material used in paints and plasticizers. The plant has many unique features and uses microprocessor-based digital distributed control systems.

To take up operational responsibilities in the Production and Plant Engineering departments, we require:

PRODUCTION EXECUTIVES (PAD-01)

Reporting to the Production Manager, the incumbents will take up post commissioning responsibilities such as process monitoring and control, troubleshooting and overall shift supervision.

PLANT ENGINEERING EXECUTIVE (PAD-02) (MECHANICAL)

Reporting to the Manager—Plant Engineering, he will be required to plan and implement a comprehensive programme on routine and preventive maintenance and attend expeditiously to all breakdowns in the plant. He will develop good contractors and fabricators for carrying out maintenance work,and supervise, guide,and train a team of Engineers and Technicians.

Applicants must be around 28-32 years of age with a first class Chemical Engineering degree for Production Executives and a Mechanical Engineering degree for Plant Engineering Executive from institutions of repute. A minimum of 3 years' relevant experience in continuous process industries (Petrochemical/Chemical) is essential.

Both these positions carry an attractive compensation package, commensurate with qualifications and experience,and include accommodation at Ankleshwar.

Please apply within ten days, giving details pertaining to age, qualifications, experience, salary drawn and expected, alongwith a recent passport-size photograph, to:

The General Manager (Personnel)
ASIAN PAINTS (INDIA) LIMITED
LBS Marg, Bhandup, Bombay 400 078.

1. *Please superscribe the envelope with the relevant code.*
2. *Those who have applied to our earlier advertisements need not apply again.*

ADROIT-332/90

APPOINTMENTS

Wanted

Players to take our team into the Big League.

We are a young rapidly expanding Rs. 10 crore chemical company, on the verge of our first major expansion, and we are looking for two key players.

The Centre Forward:

A Marketing Manager, who will be responsible for new product/market identification, liaison with R&D personnel, market development of performance chemicals and managing the existing intermediate chemical business.

Ability to exploit the R&D strength, inspire a young team of MBAs and skills in concept selling to organisations is a must. Ideally, a Chemical Engineer or B.Sc. with post graduate qualifications in Marketing, between 35-40 years with experience in Chemical or related industry would be preferred. Ability to deliver the goods is essential. After all, goals win matches!

The Full Back

A Finance Manager, who will be responsible for the total finance functions of the company, from raising of funds to control of their utilisation. Skills in managing people, ability to anticipate needs in a growth environment and co-ordinate a team including CA/MBA/Cost Accountant would be essential. You would ideally be a CA/MBA with managerial experience in industry in the age bracket of 35-45 years. Experience in a computerised environment is preferred.

For the right people, reporting at Board level could be considered and remuneration will not be a constraint.

Write to the General Manager (Commercial), giving detailed bio-data, superscribed with post applied for on the envelope.

Alkyl Amines Chemicals Limited

207-A, Kakad Chambers, 132, Dr. Annie Besant Road, Worli, Bombay-400 018.

Orbit/AACL/1276-90

Modern

NEEDS

EXECUTIVE DIRECTOR

Our is a well established, reputed and fast expanding Industrial Group having five plants at different locations, in Rajasthan. The Group turnover is to the tune of Rs. 150 Crores which is likely to touch Rs. 300 Crores in the next three years.

We need a TOP Flight chief executive as EXECUTIVE DIRECTOR to be stationed at our Electro Porcelain EHV Insulator Plant at Abu Road (Rajasthan), person who has clearcut vision for profitability and future growth of the organisation is the one we are looking.

His areas of responsibilities entail an over all control of Production, Maintenance, Marketing, Finance and related areas. Meaningful coordination with Departmental Heads, Visible Leadership, Superior man management skills and good Commercial and Financial exposures are the Hall Mark of this position. His immediate thurst would be on optimum capacity utilisation.

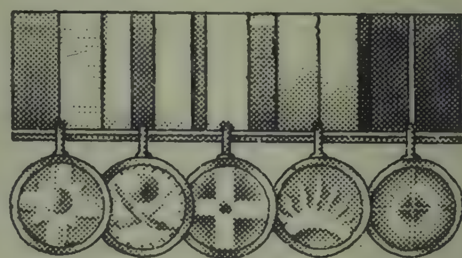
A TOP NOTCH Technocrat CA/MBA with proven Managerial Experience of 15 to 20 years in a large Engineering/ Process Industry of repute out of which at least 5 years as No. 1 will fit our slot. Preference would be given to those who have exposure to the high tech ceramic, cable, conductor, electrical industry and not above 45 years in age.

Please apply in confidence immediately with detailed Bio-data stating age, qualifications, experience and present/expected salary with two good reference to:

Vice Chairman
Modern Group of Industries
709, Ansal Bhawan,
16, Kasturaba Gandhi Marg,
New Delhi - 110 001.

RA & SS

This job demands that you think like a General. Plan like a Colonel. Operate like an M.B.A.



As Project Manager of PCS you'll be responsible for identifying growth opportunities for the company's long-term growth.

This involves, among other matters, identifying viable projects, evaluation, planning and successful implementation of selected projects.

You'll really have your hands full. The PCS long-term strategy involves diversifying into dynamic fields like chemicals, plastics etc. With growth potential in India. And abroad.

If you're around 35, a B.E. (Chem.) graduate, preferably M.B.A. with at least 8 years in Project Management, we'll expect you've had at least 2-3 years experience in implementing large projects.

That's good enough. Send in your career details within 10 days. Military honours optional.

Résumé with envelope superscribed 'Project Manager' should be sent to:

The Director
PCS Data Products Ltd.
303/304 Regent Chambers
Nariman Point
Bombay 400 021.

PCS

CLARION/B/PCS/54/222

APPOINTMENTS

SHREE
MANAGEMENT SERVICES
PERSONNEL SELECTION DIVISION

Hoechst

We have been retained by
M/s. HOECHST INDIA LIMITED
to assist them in placement/ selection of personnel.

The Company has manufacturing units for Bulk Drugs, Pharmaceutical Formulations, Agrochemicals, Veterinary and Diagnostic products at Mulund, Bombay and at Ankleshwar, Gujarat.

The Company is looking for a high calibre professional as

ASSISTANT MANAGER — MARKET RESEARCH — AGROCHEMICALS
(BOMBAY)

Qualifications & Experience:
The incumbent should be a graduate preferably B.Sc. (Agri) and a post-graduate from a reputed Institute of Management with specialisation in Market Research or Rural Management. He should possess 5-7 years experience in Market Research/Sales of preferably Agricultural products in a highly reputed organisation.

Age: Around 30-32 years.

Job Requirement:
The incumbent will conduct market surveys all over India and will compile and collate findings to establish specific information about market potential, marketing opportunities for new products, market appraisal, brand positioning, etc. He will also conduct post-marketing audits. He should have flair for Marketing and aptitude for Statistics. He will be required to travel extensively all over India. He should possess excellent communication skills and an innovative approach.

The Company will offer excellent career growth opportunities and an attractive remuneration package.

Kindly send your complete bio-data within 10 days to:

SHREE MANAGEMENT SERVICES
33, ISLAM BUILDING, 46, VEER NARIMAN ROAD,
OPP. AKBARALLYS, FORT,
BOMBAY-400 001.
PHONES: 204 5196/204 1245.

APPOINTMENTS

Our clients, a highly reputed, large Middle East business group with diverisifed operations, require top calibre personnel, professionals with outstanding track records to man key slots in the organization. The group, with both trading as well as manufacturing interests and employing over 3000 people, is known for its highly professional management practices. It pursues enlightened personnel policies and the top management attaches considerable importance to the human resources function.

MANAGER – TRAINING & DEVELOPMENT (LBS/126)

He will manage all training and development activities for the group. This will include preparation and implementation of the annual management manpower plan, analysis of annual training needs, creation and implementation of both technical as well as managerial training programs, development of a process that enables and encourages employees to update their skills and management of the quantitative objectives and performance review program.

We are looking for a **person** with strong intellectual and conceptual skills to help the management develop effective individual management development programs. He must have the ability to think abstractly as well as operational and be persuasive enough to get others in the organization involved in the training process. He must possess a high degree of maturity and self confidence to deal with groups and interact with top management.

MANAGER – RECRUITMENT (LBS/127)

He will manage all phases of the recruitment and employee selection process for the group. This involves both the ability to develop and implement innovative employment strategies and to be a hands-on recruiter of a large number of people. In addition, the incumbent will develop and implement an orientation program for all new employees, manage all 'within the country' hiring, manage the hiring, maintaining and firing activities of all present and future employees with fixed term contracts, recruit all professional and managerial employees for jobs filled from outside the company and recruit participants for the company's graduate training program.

For this position, the successful candidate will be expected to possess sensitivity and skills necessary for interacting with people from diverse cultures. He must, in addition, have good interviewing and assessment ability coupled with the insight and intuition to discern candidates' strengths and weaknesses and their ability to adapt to the organizational culture. He should be comfortable in travelling to third world countries. It is also required that he has some degree of fluency in Arabic and a few of its dialects.

MANAGER – EMPLOYEE RELATIONS (LBS/128)

He will be in charge of administering the day to day personnel functions. He will also develop, interpret and implement human resource policies and procedures. People management will be another critical component of the job. Detailed functions would include personnel administration involving, inter alia, ongoing employee benefit schemes, ongoing reports on employee demographics, administration of fixed term contract employees, maintenance of employee records, interface with Legal on employee labour law and documentation management. In addition, he will also be responsible for managing the Time and Attendance program, development and implementation of innovative approaches to employee records and information, management of the grievance and discipline process, representation of employee issues to management and vice versa, provision of camp supervision for fixed term contract employees and management of the payroll system.

APPOINTMENTS

r this position, we are seeking an individual with excellent man-management skills who understands the ncepts of delegating, coordinating work and motivating employees. Other critical traits are capacity for hard work, ility to lead by example, exceptional listening skills to hear the issues of the work force and attention to details.

MANAGER – COMPENSATION (LBS/129)

will be responsible for all phases of compensation including conceptual design of new and innovative mpensation programs to hands-on execution of compensation activities. Specific job functions would involve velopment, evaluation, maintenance and management of a process for job analysis that is comparable with the y job evaluation process, development and maintenance of up to date job descriptions for all employees luding writing of job descriptions and the training of managers and supervisors in the writing of job evaluations, velopment and maintenance of a system to keep company salaries and benefits competitive with competition d development and maintenance of processes to reward performance and retain employees with better performance.

this position, a person with strong conceptual ability to absorb new information and utilise the same to develop ovative programs is required. He must have a strong self concept and the ability to stick with convictions. discipline and the ability to meet challenging deadlines are other critical factors sought in the candidate.

above positions constitute the core management team which will participate in meeting broad human purces and administrative challenges under the overall direction of the Vice President – Human Resources. team will play a key role in facilitating effective employee communications, developing state-of-the-art human purce information systems and improving the speed and effectiveness of getting things done.

are looking for post graduates in management with specialisation in the personnel area, in the age group 50 years, with considerable experience in the personnel function in reputed, professionally managed npanies and a high degree of proficiency expertise, aptitude and interest in functions pertaining to the specific ition sought. In addition, they must be articulate and possess exceptional public speaking skills, be excellent nmunicators, possess a working knowledge of personal computers and be team players.

compensation package could work out to around Rs. 5 lacs per annum in addition to usual perks like company sing, car, etc.

rested candidates may please apply superscribing the envelope with the above reference numbers, to:

PERSONNEL SEARCH SERVICES
Regd. Office: No. 1, 3rd floor, Sambava Chambers, Sir P. M. Road,
Fort, Bombay-400 001. Tel: 286 2660, 295963, 255476, 286 0755

Clamar

A leading Public Sector Corporation based in Bombay requires professionals in the following posts in their Public Relations Division:-

POSTS	NO. OF VACANCIES
(a) Dy. Chief Public Relations Manager	01
(b)Asst. Public Relations Manager	01

I. **QUALIFICATIONS:**— Graduate in any faculty. Preference will be given to Post-graduates and those with a Degree/Diploma in Public Relations/Journalism/Mass Communication from a recognised University.

II. **EXPERIENCE:**— (a) Dy. Chief Public Relations Manager: A minimum of 12 years' working experience in the discipline in a renowned Public Sector Undertaking/Private Sector Organisation or as a Journalist in a leading Newspaper Organisation. (b) Asst. Public Relations Manager: A minimum of 5 years' working experience in the discipline in a renowned Public Sector Undertaking/ Private Sector Organisation or as a Journalist in a leading Newspaper Organisation.

III. **AGE LIMIT:**— (a) Dy. Chief Public Relations Manager: 40 years* (b) Asst. Public Relations Manager: 35 years* (*As on 1.05.1990. In the case of SC/ST candidates, age limit will be relaxable by five years).

IV. **REMUNERATION:**— The gross monthly emoluments at the minimum and the maximum of the pay scale will be as follows:—

	Gross Monthly Minimum	Emoluments Maximum
(a) Dy. Chief Public Relations Manager	Rs. 6180/-	Rs. 8246/-
(b) Asst. Public Relations Manager	Rs. 4910/-	Rs. 7346/-

V. **OTHER BENEFITS:**— Provident Fund, Gratuity, Medical Assistance and Air Passages concessions as per the Corporation's Rules.

VI. **RESERVATION FOR SC/ST:**— As per Government Regulations.

VII. **GENERAL:**— (i) The Scheduled Castes/Tribes candidates called for the interview will be paid Travelling Allowance as per the Government Rules. (ii) No housing accommodation will be provided by the Corporation.

HOW TO APPLY:— All candidates fulfilling the above requirements should apply in their own handwriting on a plain paper to Box 744, BusinessWorld, 6 Prafulla Sarkar Street, Calcutta-700 001, within 30 days from the date of this Advertisement, indicating on the envelope the post applied for in the following format:—

(1) Post applied for, (2) Full Name (In block letters—surname first), (3) Address (Permanent & Local), (4) Date and Place of Birth (Age in years and months as on 1.5.1990), (5) Marital Status, (6) Nationality, (7) Languages spoken & written, (8) Educational Qualifications:

Sr. No.	Details of the Exam. passed	Year of Passing	Class obtained	Other academic achievements

(9) Whether belonging to SC/ST (Please indicate sub-caste), (10) Whether Ex-serviceman, dependent of Ex-serviceman killed in action, (11) Details of working experience: (a) Name & Address of the employer (past & present), (b) Post held, (c) Nature of duties & responsibilities, (d) Period of service (years & months) (i) from (ii) to, (e) Last salary drawn, (f) Reason for leaving, (12) Extra-curricular activities, if any, (13) Date of application (14) List of enclosures, (15) Signature of the applicant.

ABC's major specialisations include Corporate Consultancy

FINANCIAL SERVICES INDUSTRY

President/VPs/GMs/Branch Managers

The Company

A Blue Chip, High Growth and Profitable Financial Company promoted by one of **India's largest, most successful and widely diversified** business enterprises with sales turnover of Rs 1500 Crores. This Multi-portfolio financial services company is pledged to emerge as the market leader for financial products in the next 4/5 years.

The Career

They will be located at **Bombay, Delhi, Calcutta, Madras and other major cities.** VPs will have total autonomy to run their regions as profit centres including funds mobilisation, product innovation & development. GMs will be Product/Functional Heads. Branch Managers will be responsible for branch operations & administration, business development, credit investigation. For all positions, **entreprenuerial orientation** will be desirable.

The Person

Industry Professionals with diversified experience, preferably in consumer finance, broking, development banking, merchant banking, treasury operations, leasing, hire purchase. Age Group 30-48.

The Package

Will be outstanding within the industry. Salary will be in the range of **Rs 1 to Rs 4 Lakhs + Housing/HRA + Car/Allowance + All Perquisites.**

Individual choice of locations should be entirely possible as major organisational restructuring is in progress. Please write to **B P Agrawal, Chairman** and mark the envelope & enclosures with relevant job title & code FSI/BPA/3007.

ABC CONSULTANTS PRIVATE LIMITED

303 Embassy Centre, Nariman Point, Bombay 400 021, Phone 234947

Organised Cost Reduction • Technology Transfer • Project Reports • Operations Research • Industrial Engineering

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asian paints (INDIA) LIMITED

Our ENGINEERING SERVICES FUNCTION located at Bombay undertakes planning and execution of projects, and also provides support services to our plants besides coordinating activities which require specialised engineering knowledge. To expand the skill base of this function, we are looking for:

PROJECT EXECUTIVES

(MECHANICAL/CHEMICAL/ELECTRICAL/INSTRUMENTATION)

Mechanical: He will be responsible for the mechanical design and specifications of plant and equipment, and their procurement, inspection, and installation. The job will also involve preparation of tender documents for erection of plant, equipment, and utilities.

Chemical: He will be responsible for design concepts, parameters, and process considerations including coordination of implementation of assigned projects. This will involve upgradation and development of equipment, automation, improvements in process design and planning, and scheduling of project implementation.

Electrical: He will be responsible for the design and detailed engineering of the power distribution systems including H.T. for new projects. He will also be responsible for finalisation of tender documents, execution of contracts, procurement, and inspection activities.

Instrumentation: He will be responsible for the design of Electronic and Instrument Control systems for the automation of the existing and new plants of the Company and identification and development of the sources of instruments and electronic control equipments.

Suitable candidates for the above positions would be First Class degree holders in the relevant disciplines from reputed institutes in the age group of 25-30 years with 5-6 years' relevant experience in a Chemical industry.

The compensation package is designed to attract the best available talent.

Please apply within ten days, giving details pertaining to age, qualifications, experience, salary drawn and expected, alongwith a recent passport-size photograph, to:

The General Manager (Personnel)
ASIAN PAINTS (INDIA) LIMITED
L B S Marg, Bhandup, Bombay 400 078

1. *Please superscribe the envelope with the position and stream applied for.*
2. *Candidates who have applied to us in the recent past need not apply again.*

ADROIT-319/90

THE UB GROUP

R E Q U I R E S

GENERAL MANAGER - FINANCE

UNITEL, BHUBANESHWAR

The UB Group, with a turnover exceeding Rs. 1400 crores, is one of the fastest growing Industrial Groups in the country today. The Group has a widely diversified portfolio, ranging from Beer to high-tech fields such as Petrochemicals, Pharmaceuticals, Electronics and Telecommunication.

We wish to recruit a General Manager - Finance who will be based in Bhubaneshwar and will be fully responsible for all financial aspects of Unitel Communications Limited.

The successful candidate must have experience in formulating innovative financing schemes, dealing with financial institutions and banks, handling day-to-day financial operations, and spearheading the financial and MIS aspects of a company in a turnaround situation.

The incumbent should preferably be an MBA or a Chartered Accountant, below 40 years of age.

The position offers excellent growth potential, both within the Division and within the Group. The remuneration package will not be a constraint for the right candidate.

Those interested may apply within 10 days, giving complete details of age, qualifications, experience, salary drawn, etc., to:

Vice President - HRD
The UB Group
UB House
One, Vittal Mallya Road
BANGALORE-560 001

This space will cost you only Rs. 4000

Moreover, you get a very attractive combined rate with The Telegraph

For details, please contact

The Advertisement Manager (Appointments)
Ananda Bazar Patrika Limited
6, Prafulla Sarkar Street Calcutta 700 001 Tel: 274880/8000

Or call any of our Regional Offices at

Bombay: 240426/0488 • Delhi: 386305/9078 • Madras: 860713/9379
Bangalore: 568227/8228 • Hyderabad: 842520/0064

ABC's major specialisations include Corporate Consultancy • Materials Management • MIS • Business Negotiations • Organised Cost Reduction • SWOT Analysis • Data Processing • Operations Research • O&M • Industrial Engineering

PROJECT MANAGER

CHANDIGARH **EXCELLENT TERMS**

Our client is a diversified and professionally managed business group having an excellent reputation in India's agrochemical and chemical industries. The company has also achieved phenomenal success in the international market through exports of company products as well as merchant exports. Owing to their recent spectacular achievements, the company is now planning to expand further and has several projects under implementation. To augment their growing needs, they require a high calibre Project Manager.

Reporting to the General Manager-Technical, the incumbent will be primarily responsible for timely and proper implementation of various projects including effective liaison with government authorities, selection of Engineering Consultants/Contractors/Equipment Suppliers etc. Candidate must be a Chemical Engineer possessing **proven technical competence in Basic Design of Heat Transfer/Mass Transfer equipments, Process Engineering, P & I Diagrams and Instrumentation.** Should have at least 8 years relevant experience in Process Industries/Engineering Consultancy Firms. Age Group: 30-40 years. An attractive remuneration package will be offered to the right candidate. Please write in strict confidence within 10 days to **A. K. Matta, Manager,** with detailed biodata quoting job title and code: PM/DEL/1111.

Personnel Selection Division

ABC CONSULTANTS PRIVATE LIMITED

209 Meghdoot, 94 Nehru Place New Delhi-110 019 Phone: 6449842

APPOINTMENTS

BHOR

Open the Door
To Your Bright Future

We are a professionally-managed multi-product Company, pioneers in the manufacture of PVC Plastics. Our Product range encompasses floor and wall coverings, furnishing materials, materials for rainwear, folders and insulation material. Our products have an excellent quality brand image.

To meet the Company's very ambitious plans for fast growth aiming to double the current Rs. 60 crores turnover in the next three years, we need :

MARKETING MANAGER (FLOORING TILES) — BOMBAY

He will have full responsibility for sales and marketing on all-India basis. The position entails market and consumer/dealer development as well as involvement in the product pricing/profitability, commercial negotiations, etc. Persons around 35 years, preferably with MBA in marketing and sound experience of around 10 years would be suitable. Preference will be given to those who have experience in marketing of tiles.

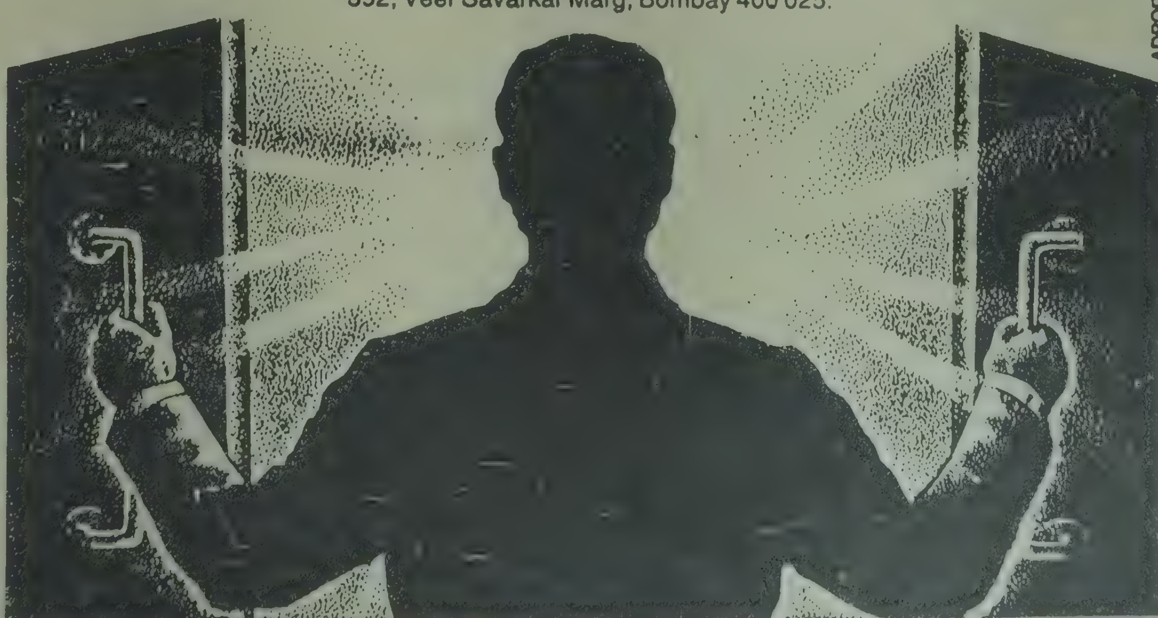
MANAGER - PLASTIC TECHNOLOGY — BOMBAY

The incumbent should be a graduate in Plastic Technology/Science graduate with MBA, age group 35-40 years.
He should be in touch with the Market and with Manufacturers of Plastic industries and should be creative, coupled with the essential capacity to spot and develop vendors who could meet our qualitative requirements. He would constantly liaise between Marketing and Production and therefore a high degree of creative ability will be called for. In addition, he should also continuously develop new/alternative materials for the plastic components in ancillary units and will be involved in the process of cutting downtime and costs. He should also be able to handle shop trials of developmental nature.

Applications with details of age, experience, qualifications, present salary drawn, salary expected, etc, should reach within 10 days to:

VICE PRESIDENT - PERSONNEL
BHOR INDUSTRIES LTD
392, Veer Savarkar Marg, Bombay 400 025.

ADROIT-328/90



APPOINTMENTS

NOCIL

NATIONAL ORGANIC CHEMICAL INDUSTRIES LIMITED

The Company has plans to set up a customer service and technical application centre in Bombay, to promote the business of new polymers and elastomers.

To meet the challenges of growth of our business, we need:

SENIOR RUBBER TECHNOLOGIST

The incumbent will be responsible for setting up a technical service centre for providing customer service and application development support to our prospective customers.

Technical background and experience required

Qualifications:

A degree in Rubber Technology from an Institute of repute or Post Graduate Degree in Polymer Chemistry.

Experience:

Around 7 years experience in the area of rubber compounding /application development and processing.

The candidate should be well versed with formulation and specifications /standards followed by national and international tyre and non-tyre industries.

Selected candidate should be able to effectively interact with senior technical personnel and experts in the industry to promote usage and development of wide range of elastomers.

The position is in the Management cadre of the Company and offers excellent career prospects and compensation.

MANAGEMENT TRAINEES

We are also looking out for fresh first class Graduates in Rubber Technology or Post Graduates in Polymer Chemistry for the position of Management Trainees. Selected candidates will undergo a structured on-the-job training in the Company for a period of 1 to 2 years.

Candidates meeting the above qualifications and requirements should apply in confidence within 10 days giving full particulars and superscribing the envelope with the position applied for, to:

Head - Personnel Services
National Organic Chemical Industries Limited
Mafatlal Centre, Nariman Point
Bombay 400 021.

NECO

GROUP

NECO Group — Leaders in Industrial and Engineering Castings with a turnover of Rs. 80 crores, are on the look out for ambitious, dynamic, hard core Marketing Executives to form a Task Force for their ambitious diversification in the field of high quality Industrial Cast Steel Valves.

If you have an ability and drive for marketing Industrial Products, get ready for a very interesting product — Valve. We will like to have you at **Bombay, Delhi and Nagpur** on Highly attractive terms as :

1. **Senior Marketing Executives** — NECO/90/10.
   B.E. (Mech/Met.) with 4 to 5 years experience in Process Industry.

2. **Marketing Executives** — NECO/90/11
   B.E. (Mech/Met.) with 1 or 2 years experience in Process Industry.

3. **Service Engineer** — NECO/90/12
   B.E. (Mech/Met.) with 2 to 3 years servicing experience preferably in Valve Industry.

Please apply in confidence, giving full particulars of qualification, experience and responsibilities undertaken, within 10 days to

Manager (P & A)
NECO Group of Industries
F-8, MIDC Hingna Road
NAGPUR-440 016.

Orange City advt

APPOINTMENTS

MADRAS

Shriram
Group Companies

HRD EXECUTIVE
Rs.1,00,000/- p.a. +

Shriram Group Companies based at Madras with all India operations predominantly in the field of Hire Purchase Finance to Transport Sector and Chit Funds with diversification into Road Transport and Manufacturing is on the look out for an outstanding **EXECUTIVE** to take charge of **HUMAN RESOURCES DEVELOPMENT** for the Finance and Transport Companies of the Group. The candidate should be in the age group 30 to 40 years with excellent communication skills and a proven record of achievement in HRD area. The job will involve the following:

Responsibility for Manpower Planning, Personnel Policies and Strengthening Organisational Structure of the Group Companies, Developing the Staff Training Centre into a vital tool for HRD, Responsibility for Recruitment, Training, and Implementation and Appraisal and Promotion Systems, leading to effective Team Building and Organisational Development.

Remuneration will be in excess of Rs.1,00,000/- p.a. and for the right candidate, it is negotiable.

If you are the candidate we are looking for, please forward your Bio-Data within 10 days superscribing the cover with "Executive — HRD, Shriram Group Companies" to:

The Director
Shriram
Group Companies
54, North Usman Road,
T.Nagar, Madras - 600 017.

ADWAVE/SGC/4037

SR. MANAGER — MARKETING SERVICES

We are part of a professionally managed industrial group, having a diversified precision engineering production range including hermetic compressors, fuel injection equipment, automotive pistons/pins/rings, electrical lamination etc.

To adequately service our increasing market of fuel injection equipment and other automotive components, we are expanding our marketing organisation, and are looking for a "Sr. Manager — Marketing Services" to be located in Delhi.

The "Sr. Manager — Marketing Services" will have national responsibility for increasing company's market share in all market segments viz trade/OEMs/state transport undertakings/exports. He will coordinate, achievement of sales targets, maintenance of supplies/stocks, pricing/incentive schemes, publicity/sales promotion measures, and liaison with works/distributors/field godowns through an efficient MIS.

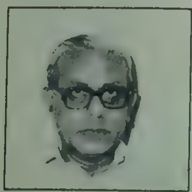
Applicants should have about 7 years relevant experience in a similar marketing position. The job requires excellent commercial and communication skills besides a thorough understanding of modern marketing techniques.

This is a senior management position and the emoluments will be over Rs. 1 lac per annum/higher for the right candidate.

Please apply within 15 days with complete bio-data in an envelope marked P-90/4 to: The Jay Engineering Works Ltd., Post Box No. 692, New Delhi-110 001.

JAY ENGINEERING
A SHRIRAM enterprise

APPOINTMENTS



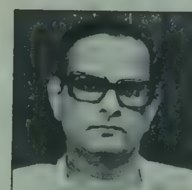
N.V. RAMAN has been promoted as company secretary and general manager (law) at National Hydroelectric Power Corporation (NHPC).

B. VEERASWAMY has taken over as director (finance) of National Textile Corporation (MP).

K.K. SINHA has been promoted as chairman and managing director of Mishra Dhatu Nigam (Midhani).

T.S. BHATIA has been promoted as general manager (finance) and company secretary of Parasrampuria Synthetics.

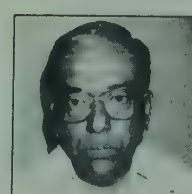
K.K. LAHOTI has been promoted as president (marketing) of Shree Digvijay Cement Co.



V.S. ANAND has been appointed general manager (administration) and company secretary of Modi Rubber.

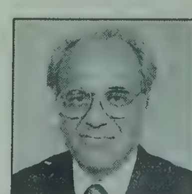
A.K. PALIT, general manager (sales), Worthington Pump Ltd., has been elected president of Indian Pump Manufacturers Association.

K. VAIDYANATHAN has been appointed finance director on the board of Modi Rubber.

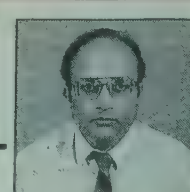


N.K. GHOSH has been promoted as general manager (aviation) of the marketing division of Indian Oil Corporation, Bombay.

H.S. BAWA, executive president, Zuari Agro Chemicals, has been elected chairman of Fertiliser Association of India (FAI).



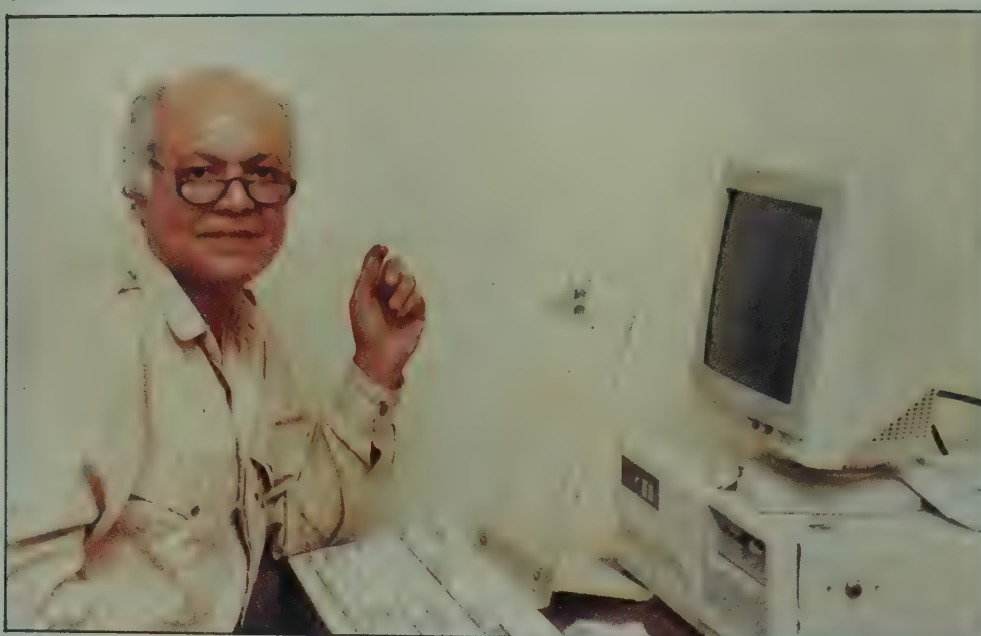
RAJINDER DAYAL has been appointed managing director of Nicco Parks & Resorts.



KIRAN NADKARNI has been appointed president, Technology Development & Information Co. of India (TDICI).

DILIP THAKORE

An individual who has bravely taken on the man-sized job of turning around Bombay's second oldest and first nationalist daily newspaper, the *Free Press Journal*, is author-journalist Janardhan Thakur (54). In early April, Thakur, who signed up with the *FPJ* as editor at the start of the year, felt confident enough to preside over the *Onlooker* human interest story contest (judge: Khushwant Singh) award function at which journalist-turned-Congress (I) politician M.J. Akbar gave away the prizes.



THAKUR: REWRITING THE FPJ'S FUTURE

"I am enjoying the challenge of rehabilitating the *FPJ*. The paper has a somewhat low-brow image. But I am confident of improving its quality and image. I believe that it is quite possible to raise the circulation of the daily to 50,000 (current circulation: 22,000) if the management persists with the support it is giving me currently," says Thakur.

An English literature graduate of Allahabad University, Thakur certainly has the experience — if that's all that's required — to pull it off. After beginning his journalistic career in 1959 as sub-editor in the Patna-based daily *Flashlight*, Thakur has honed his skills in several newspapers. Among them: *The Indian Nation* (1960-73), the now defunct Calcutta-based *Hindustan Standard* (1973-75) and the *Ananda Bazar Patrika* (1975-79).

In the late seventies he took to writing political books, of which he has thus far written four — *All the Prime Minister's Men* (1977), *Janata Men* (1978), *Indira Gandhi & Her Power*, (1979) and more recently, *Mr V.P. Singh: The quest for power* (1989). And in the period 1980-89, Thakur set himself up as a successful syndicated columnist sending his stuff out to 20 Indian language publications. "I made a lot of money but got sick of Delhi and its politics," he recalls. Thus when an offer came his way in late 1989 to run the fortnightly *Onlooker* (a stablemate of *FPJ*; the others are *Navshakti* and *Beauty & Care*), he grabbed it.

How does he like living in crowded Bombay after so many years in spacious Delhi? "I love it, particularly the seascapes. But I miss my family, which is still in Delhi," says Thakur. The Thakur *khandaan* consists of wife Purnima, son Sankarshan (a journalist in his own right with *The Telegraph)*, Chitra, Pooja and Richa.

The heir-apparent at Mahindra & Mahindra, one of India's largest and most respected automotive engineering conglomerates (jeeps, light commercial vehicles, tractors and diesel and petrol engines) with an aggregate annual income of over Rs 1,600 crores, is an individual cast in the all-American corporate hero mould. According to Anil Mehta, who scooped the M&M succession story for *The Economic Times* (19 April), the dauphin is Satish Malhotra (57), the youthful and energetic chairman of the Bombay-based Empire group. With the obvious consent of M&M chairman and patriarch Keshub Mahindra (66), the Empire Industries group has acquired a 13% equity stake in M&M which makes the Malhotras the largest non-institutional shareholders in M&M — larger even than the Mahindras who have an 11% stake. The fact that Malhotra's son Ranjit is Keshub Mahindra's son-in-law undoubtedly influenced the arrangement.

Yet, on the M&M succession issue, Satish Malhotra is determinedly silent. "I have nothing to say in this matter. I am on the board of M&M and on this as on other issues, the board is unanimously behind the chairman who is abroad at the moment," says Malhotra.

However, since yells of outrage from the Mahindra and/or Malhotra camps have not been heard, Mehta's scoop is obviously substantially correct. Which indicates that Malhotra has come a long way from the Indian Navy in which he was a promising young officer in the fifties (after having been a batch-mate of shipping tycoon Ravi Tikkoo at the National Defence Academy, Pune) until he sought and obtained premature retirement.

Malhotra's first civilian assignment was to salvage the crumbling, maladministered properties of the maharajah of Indore, which he accomplished with sufficient success and elan to win the grateful hand of Princess Usha Devi. With a part of the modest fortune salvaged, in the early sixties the Malhotras purchased the then sick and ailing Empire Dyeing and Mfg. Co. Ltd. for Rs 35 lakhs. Today, the closely-held Empire Industries Ltd. consists of six divisions manufacturing industrial fabrics, machine tools, cranes and medical instruments and instrumentation. The group, which is also into finance and leasing and employs 2,500 personnel, chalks up an annual sales turnover estimated

MALHOTRA'S QUITE A GUY

at Rs 110 crores.

There is another engaging side to Malhotra's personality. He is a great friend of trees. Empire Industries has planted and maintains over 200 trees on south Bombay's old Cuffe Parade Road where the Malhotras live in considerable style. Last year, when an unprecedented storm uprooted 62 of these trees, Malhotra mounted a major rescue and rehabilitation exercise to replant them while there was some life left in them. Today they are all flourishing, as are another 300 trees that Empire Industries maintains in the vicinity of its office complex in Mahim.

"It is important that local communities begin to look after their own environments and living spaces," says Malhotra. "In this connection, the Bombay Municipal Corp. is on the right track in persuading corporate enterprises to play a role in the beautification of the city."

The heir-apparent to the M&M group is — to use an inelegant but expressive American phrase — quite a guy.

With the nation's increasingly lumpenised *netas* and business-illiterate *babus* making a right mess of the economy, the tide of the economic refugees of Indian socialism is in danger of swelling into a flood. And particularly unfortunate is the reality that it is the nation's brightest and the best — the ones who have the capability to put the economy back on the rails — who are metamorphosing into India's Boat People.

But before you reach for your cyanide capsule, here's some good news: the depredations of the *netas* and *babus* notwithstanding, some of the brightest and best are trickling back.

A case in point is Deep Sagar (30), the Bombay-based branch operations manager (soaps and detergents) of the consumer colossus Hindustan Lever Ltd. (HLL — sales: Rs 1,323 crores in calendar 1990). A graduate in English from Delhi University, Sagar proceeded to study economics abroad, acquiring a master's degree in agricultural economics from Cambridge and yet another master's in economics from McGill University (Canada). Recently he was offered a scholarship by Cambridge University to read for a doctorate. But Sagar turned it down. "I have learnt a lot in HLL in the past year since my return. I'm sticking to industry," he says.

The decision, even if it's not academia's loss, is HLL's gain. In his hitherto brief career, Sagar has not only acquired scholastic honours but work experience as well. Shortly after graduating from Delhi University, Sagar signed up as a management trainee with Calico Mills (1979-81). After a short stint at Dalmia Dairy Industries, he made his first entry into HLL (1981-86) before moving out of industry and signing up with the Delhi-based British high commission to administer the British government's rural development aid programme in India. "Though the programme was well-meaning, it lacked focus and accountability. It was a frustrating experience," recalls Sagar. Thus, 18 months later, when he was offered a scholarship by Cambridge University to acquire a master's degree in agricultural economics, Sagar was only too willing.

Given his specialisation in rural economics, does Sagar find his job of providing marketing services support to HLL's soaps and detergents sales force in Western India incongruous? "Since 40% of the end purchasers of HLL's soaps and detergents are in rural India, my background and training is proving useful. HLL is a company which consists of high-quality people and systems. It has consistently created economic surpluses and has cost-effectively contributed to the growth and development of the Indian economy. I am very happy to be working in HLL," says Sagar.

Not the least of Sagar's potential contributions to Indian society is the return of his wife Meera to her native shores. After acquiring a master's degree in community resource management in 1982, Meera served the well-known Delhi-based counselling organisation Sanjivini as a counsellor in emotional problems for five years, rising to the position of chairman thereof. Subsequently, when the Sagars went abroad, she also worked as a counsellor with the department of health in the UK. Currently the mother of four-month-old Diya, Meera Sagar is gearing up to begin her counselling work again.

THE SAGARS: THE BRAINS THAT CAME BACK

A refreshing story of a brain gain, wouldn't you say?

■ *Dilip Thakore*
The author is the chief executive of Datamatics Direct and former editor of BusinessWorld.

WELL-OILED BUREAUCRATS

With S.L. Khosla, an IAS officer of the 1958 batch, joining as chairman of ONGC on 1 June, the spotlight has turned to the other vacancy in the oil sector, viz the chairmanship of Oil India Ltd, vacant since end-April after Surajit Chaliha's retirement.

The news from New Delhi is that ONGC vice-chairman P.K. Chandra was offered the job, but has declined. ONGC member S.K. Manglik is the second choice, but he is said to be having second thoughts about taking up what is essentially an Assam-based job.

Reportedly, Gas Authority of India chairman Vineet Nayyar — also an IAS officer — is slated for transfer to Indian Oil Corp to step into the vacancy caused by Khosla's move to ONGC. It seems the bureaucrats are all set to monopolise the oil sector in the coming years. For technocrats, it's cold-shoulder time.

PLAYBOY OR GENTLEMAN?

A new media tycoon has emerged on the horizon in the unlikely person of New Delhi-based real-estate dealer, builder and promoter Vineet Jain. (Coincidentally, he has the same name as Bennett Coleman patriarch Ashok Jain's younger son.)

Jain has already bought over the monthly girlie magazine *Debonair*. According to the grapevine, the going price for the indigenous version of Playboy was around Rs 40 lakhs. With his appetite for glossies whetted, Jain is reportedly negotiating a deal for buying over *Gentleman* and its sister magazines. A bid for *Mid-day* is also not ruled out, say clued-in observers of the media scene.

NEW GENERATION SUITOR DHOOT

BLANK CHEQUE PROJECT

Writers' Building, seat of West Bengal's leftist and now centre-friendly government, is being visited by a new genre of suitors nowadays: the entrepreneur carrying his moneybag, but no project proposal.

Last month, a Videocon director — not Venugopal Dhoot himself, but a non-executive board colleague — met the chief secretary and industries secretary to deliver a written offer from the funds-flush company to invest Rs 50 crores as promoters' equity in any downstream petrochemicals project at Haldia that the government might wish it to take up. No project report, no feasibility study, no market research: "The specificity and other details of the project will be mutually finalised." Videocon's only stipulation is that the project size should be in the Rs 600-700 crores range.

Dhoot's blank cheque to Jyoti Basu is intriguing. Will the Left Front government now bite the bait?

FACOR INTO PETROCHEM?

Many a player has fallen to the charms of the petrochemicals rainbow. The latest to do so is Facor (Ferro Alloys Corp). The Tumsar (Maharashtra)-based company has, if the grapevine is to be believed, bagged a letter of intent (LoI) to implement a Rs 250 crore downstream petrochemicals project in Maharashtra.

Besides, the Facor group has also promoted another company styled Haryana Glycines to manufacture an import-substitute input for antibiotics in Jind (Haryana). An entry into DC micromotors has also been made by the group with an outfit called Sarankyo Electronics, which is being set up in collaboration with a Japanese company.

CHASE AIN'T WILLIN'

When it wanted to, it wasn't allowed. And when it's being allowed, it doesn't want to. The USA's second largest banking giant, Chase Manhattan Corp (1989 assets: $107.3 billion) doesn't want to come to India despite the fact that a government go-ahead was coming its way.

Funny. For Chase had been hyperactively chasing an RBI licence by lobbying at the highest levels. But all that came to naught and in the mid-eighties Chase got a big no from the Indian government.

But the chase continued — and it paid off in the end. This year, Chase was on the verge of getting an okay, but had a sudden change of heart. Reason: like most other US banks (with the sole exception of Citibank), Chase is on a global drive to economise by winding up uneconomic operations worldwide. It has already closed offices in 22 out of 55 countries where it operates. Small wonder then that it doesn't want to come to India.

PEPSI'S SECRET WEAPON

Even as Pepsi has hit the market, it is now becoming clearer how it managed to convert its letter of intent into the all-important industrial licence, an issue that had been hanging fire for the last one year. The weapon: Super 301.

Just days before an Indo-US Joint Business Council (JBC) delegation was heading for the US for deliberations in April, a senior secretary in the prime minister's office (PMO) was busy trying to get Pepsi through. Apparently, there were clear indications from Don Kendall (chairman of the US side in the Indo-US JBC), who happens to be Pepsi Inc's chief executive, that India would have to pay the price if the Pepsi licence was not cleared. He got his licence, but ironically India remained the only country on the '301' list.

Ironically, Naaz Rovshen leaves one Gateway, only to be welcomed to Swissair's European Gateway. Zurich, of course, Naaz's gateway to business in Europe. Where Swissair flies to more than fifty destinations. Nine in Germany, six in France, six in Italy and three in the U.K. With this Swissair daily feature, you also enjoy Swiss hospitality and punctuality. All of which will have you agreeing with Naaz that Swissair's European Gateway, brings that same feeling of warmth as experienced upon sighting the Gateway of India.

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BusinessWorld

INDIA'S MARKETING HOTSHOTS

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ESCORTS LIMBERS UP

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BUSINESS QUOTES

- **If Nilamani Routray (Union environment minister) thinks he can take care of the whole of India's problems except the Delhi Zoo, he is most welcome.**

  Union minister of state for environment Maneka Gandhi on Routray's stripping her of all charge save Delhi Zoo, quoted in *The Times of India*.

- **When Madhu Dandavate was appointed finance minister, the market crashed but when the marketmen found he is not such a bad man the market stabilised.**

  Finance minister Madhu Dandavate quoted in *The Economic Times*.

- **There is a growing familiarity between government and the chambers (of commerce and industry) but the actual love-making stage will take some more years to materialise.**

  Ficci secretary-general D.H. Pai Panandikar, quoted in *Business Standard*.

- **Our floating manpower is floating away. What we need to do is throw in a hook that is worth its weight in dollars. Only then will the fish bite. Otherwise, we will be sunk — hook, line and tanker.**

  Great Eastern Shipping chairman Vasant Sheth on the outflow of sailors to foreign lines, quoted in *Sunday*.

- **The shock of 1986-87, when profitability fell, made companies change strategies. This has worked and profits are surging.**

  ICICI chairman N. Vaghul, quoted in *India Today*.

- **A cyclone in Andhra Pradesh can play havoc with hoardings and people may use them as shelters. It is not even possible to insure hoardings except for neon signs.**

  Selvel Outdoor Publicity director Kekoo Nicholson on the problems of outdoor advertising, quoted in *Indian Express*.

- **To improve the image of the party and Chaudhary Devi Lal, I would do anything. I would even commit suicide by jumping from the seventh floor.**

  Ex-chief minister of Haryana Om Prakash Chautala, quoted in *The Illustrated Weekly of India*.

- **...we have dismantled the old system, but not put in a new system... our ship has lost anchor and we're all a little sick.**

  USSR president Mikhail Gorbachov, quoted in the *Financial Express*.

- **Anybody who can read and write and doesn't run for office knows how to balance the budget.**

  Management guru Peter Drucker on the US budget deficit, quoted in *Fortune International*.

- **Americans did not fight and win the wars of the 20th century to make the world safe for green vegetables.**

  US budget director Richard G. Darman on the relative priorities of the economy vs the environment quoted in *Fortune International*.

BusinessWorld

IN THIS ISSUE

IN THIS ISSUE

ESCORTS' HEADQUARTERS. INSET: NANDA

SPOTLIGHT

ESCORTS LIMBERS UP FOR THE FAST LANE

After its torrid time in the early eighties — thanks to Swraj Paul and diversification disasters — Escorts seemed to have settled in for a period of consolidation. That's over now. For chairman H.P. Nanda, it's now growth with a capital 'G.'

■ PAGE 41

INVESTMENT WORLD

"THIS IS THE TIME TO BUY"

Hemendra Kothari of Bombay-based DSP Financial Consultants is bullish about the stockmarkets, in this time's *InvestmentWorld* interview.

■ PAGE 80

KOTHARI IS BULLISH

BOOKS

'PR'ATTLING PONTIFICATION

In an attempt to cover all the aspects of public relations, K.R. Balan's *Applied Public Relations* has ended up with insufficient depth.

■ PAGE 69

COMPANY NEWS & EVENTS

RATHI ALLOYS GETS BACK ON TRACK

Three years back Rathi Alloys & Steel's future seemed bleak. But thanks to cost-cutting measures by CMD C.R. Rathi, the company's looking ahead at growth.

■ PAGE 33

(Other Company News items from p.36.)

BANKING & FINANCE

CP CAPERS

Commercial paper — the youngest short-term money market instrument — is already making waves with banks undercutting each other in a bid to grab business.

■ PAGE 98

HONGKONG BANK: RARING TO GO

Hongkong Bank is getting a shot of adrenalin under its new go-getting CEO, Gerry Clive Dobby.

GO-GETTER DOBBY

■ PAGE 99

SPECIAL REPORT

LOTUS: BLOOMING IN INDIA

US giant Lotus Development Corp's seriousness about the Indian computer software market has flowered with it setting up shop here. The idea, according to Ganesh Krishnamurthy, Lotus' country manager (India) is to finally develop software in the country for worldwide sales.

■ PAGE 96

OTHER PAGES

His current tack is to tap the unbeaten track, set records to stir up sales. But Arun Firodia, managing director of Kinetic Honda, took this road to counter claims of rival models — Bajaj and LML Vespa — that they were superior.

Firodia was instrumental in organising the Alpha Lap through an independent agency. In the Alpha Lap — in which the three vehicles took part in a gruelling 20,000 km cross-country rally — Kinetic Honda emerged (though not without controversy) as the machine with the least number of breakdowns.

Since then the Kinetic Honda has entered the Guinness Book of World Records as the scooter to have been driven at the maximum altitude (18,350 ft above sea level). More recently it has been driven for 1,001 hours non-stop — a feat which should gain it another Guinness slot. "We don't have money to splurge on advertising," says Firodia. "So we resort to setting records which give us a lot of mileage." Well, at any rate, kilometreage.

FIRODIA IS ON A NONSTOP DRIVE FOR MILEAGE

The managerial grid is getting a gridlock on Indian companies. Recently in India was Paul McDonald, president of Scientific Methods, the outfit set up by Robert Blake and Jane Moulton, the originators of the grid concept. McDonald conducted a couple of seminars in the country and has set in motion many more.

"Grid seminars are participative exercises through which executives in a company discover their operating style and move to something better," says McDonald. "In India most management styles are still autocratic or benevolent. They must move to a more problem-solving, participative style."

McDonald thinks this will make a big difference. "Experience has shown that organisations perform almost 60% more efficiently after such seminars," he says. That's measured on quantifiable parameters like productivity which means Indian companies could do with a dose of the grid stuff.


McDONALD IS GETTING A GRIDLOCK ON INDIAN COMPANIES

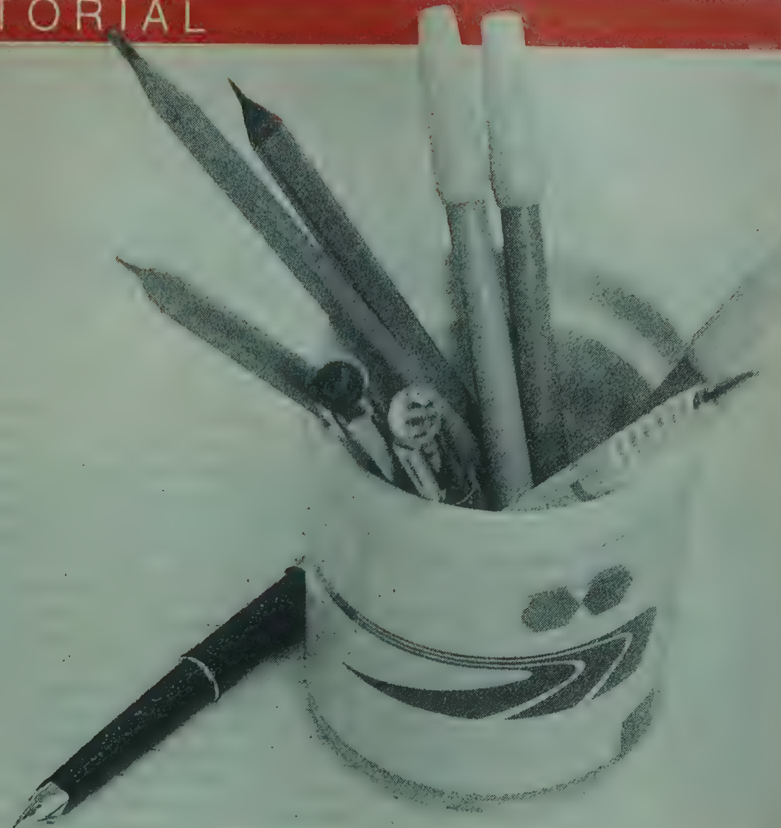
Ramachandran Krishnan, country head of American Express Bank's merchant banking division in India, will always remember the summer of 1990. For it was then that Krishnan became the first Asian in the US bank to win the coveted exceptional performance award (EPA).

Amex's EPA is awarded to recognise employees who make outstanding contributions to the bank. And in Krishnan's case that's meant a great deal. Krishnan, who joined Amex only three years ago (after a 10-year stint at the State Bank of India), has been the main driving force behind Amex's forays into merchant banking (MB).

Traditionally, Amex in India didn't have a powerful enough track record in MB activities. Other foreign banks always looked stronger. "But all that's changing now," gushes Krishnan, who's pushed his fledgling division up among the frontrankers. Among his achievements: a string of Fera dilutions, a number of mergers and some innovative financing packages.

Like most successful merchant bankers, Krishnan's zeroed in on niche markets. "With increasing competition, that's the logical strategy," says he. For him, niche translates into services for entrepreneurs. "It's a high potential market," says Krishnan, "offering good business opportunities." Going by the award he's bagged, there can't be much doubt on that count.

KRISHNAN IS FOCUSING ON NICHE MARKETS

COSMETIC TINKERING WON'T DO

The time has come for us to take a lesson or two from some of our smaller eastern neighbours. Last month, Thailand removed virtually all exchange controls as a first step towards complete abolition within three months. Early reports already indicate that this step has brought in its wake a fresh surge of confidence in Thailand amongst investors and fund managers.

It is a global truth that those who own, borrow, lend, move or place money are a selfish lot. They are inevitably looking for the best possible bargain. Quite simply, capital will be invested where the returns are highest. And it is axiomatic that prospects for returns are inversely proportional to the controls which govern the act of risk-taking.

At a time when India has finally made up its mind to shed its protective, insular and isolationist economic stance, the point needs to be driven home that without decontrol, liberalisation is a sham. And that decontrol does not begin and end with cosmetic tinkering, typified by relaxing a clause here or raising a ceiling there.

Rather, liberalisation is a frame of mind. It is a philosophy which rejects the need for constant policing, monitoring, controlling and umpiring. It is a conviction that subjective, arbitrary and discretionary controls are anathema.

Today, India's foreign investment policy emphasises an orientation towards technology acquisition and export production. There is an awareness that direct foreign investment is better than foreign loans. The government also acknowledges that rapid changes in technology, product quality, demand patterns and prices have led to more nimble transnational movement of industry.

So far so good. Unfortunately, over four decades of populism combined with half-baked socialism have created a hydra-headed infrastructure manned by an army of underemployed public servants — servants only in name — whose sole aim is to perpetuate controls. It will need an act of supreme political will to dismantle this infrastructure.

Margaret Thatcher did it. Thailand had done it. So have several newly industrialised countries of Asia. There are enough success stories to learn from. Before it is too late.

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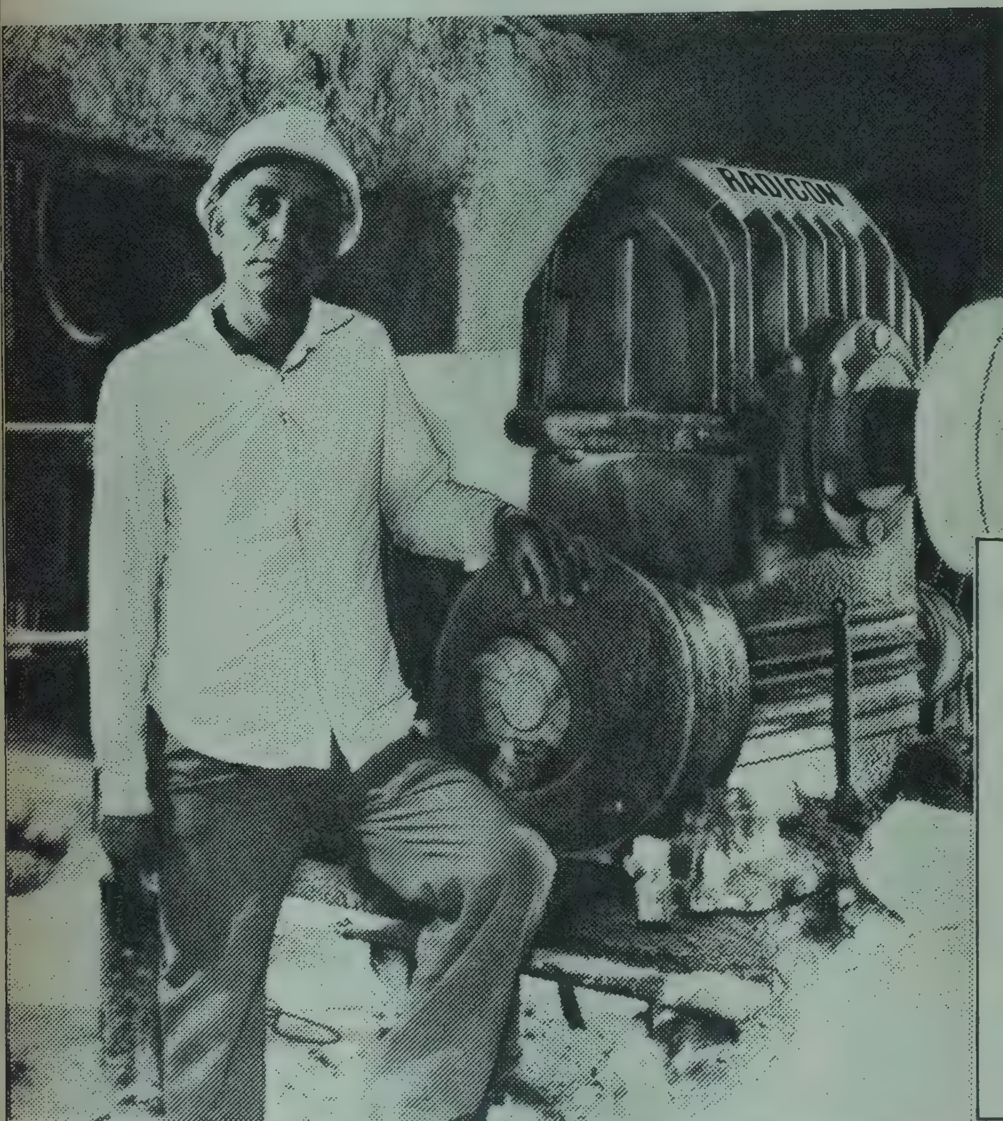

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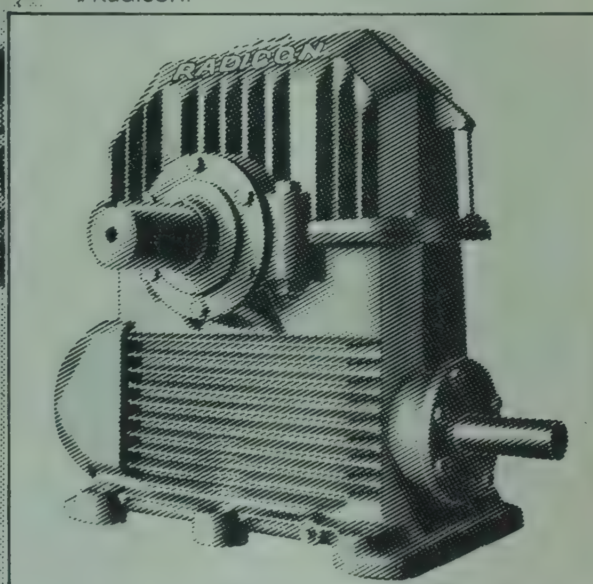

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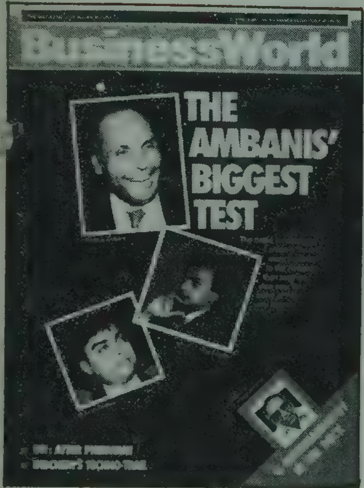

RADISHES & RESEARCH

The special report 'C-DoT: A house divided' (*BW* 25 April-8 May 1990) reminds me of a Peter Drucker quote. Said he, "Children planting a garden are so impatient, it is said that they tend to pull out the radishes as soon as their leaves show, to see whether the root is forming."

Similarly, the attempt to constantly measure progress in research is likely to hamper results.

A thorough appraisal, once in two or three years is much better. Meanwhile, an experienced manager can watch for indications of any major unexpected problems or any sign of breakthroughs.

E.R. Tavanappa
Bangalore

A PLEA FOR PITRODA

This refers to the special report item on C-DoT. There are many Indian scientists and technocrats who have migrated to the west, particularly to the US and the UK. However, there are just a very few who have consciously taken a decision to come back and promote the cause of indigenous R&D like Sam Pitroda. Even Pitroda's critics admit that after his association with the five missions, progress has been quicker.

Will the people of our country penalise a man if he sets certain standards and timeframes for the development of a most modern technology? Even advanced countries have taken not less than seven years to develop digital technology for main automatic exchanges. It will be most unfortunate if a highly motivated and dedicated person like Pitroda is penalised.

G.K. Chaturvedi
Executive director
Associated Electronics Research Foundation
Noida

MALICIOUS GOSSIP

This refers to the special report 'IIM-B: campus clash' (*BW* 25 April-8 May).

Ten years ago, I was a student of IIM, Bangalore. In my current capacity as the president of the alumni association, I am presenting my views on the current in-house squabbling at IIM-B.


IIM-B: A HOTBED OF CONTROVERSY

First, I don't think it right for a few disgruntled faculty members to take their own personal grievances, however legitimate, to the public through the press.

Secondly, IIM-B has come a long way. A poor cousin to the other IIMs until 10 years back, today, it stands shoulder to shoulder with the other two.

The infighting today is basically a resistance to a toning up and streamlining of the internal administration. The process of shedding unnecessary fat is always hard and sometimes painful. The situation worsens when the disgruntled few charm the press with malicious gossip.

Abraham Kuruvilla
President
IIM Alumni Association
Bangalore

PETTY POLITICS

This refers to the special report on IIM-B. The petty politicking and jockeying for plum posts and consultancy assignments have been going on at IIM-B for the past several years. In fact, IIM-B is an outright third-grade institution.

The government should realise the harm that it is doing by selecting faculty members without vision.

IIMs are supposed to provide leaders to business and industry. But, unfortunately, they are led by the people in business and industry. Please make a similar investigation into the working of IIM-Lucknow.

V. Krishna Kumar
Head of the department of commerce
North-Eastern Hill University
Kohima

ERROR

I am a regular subscriber to *BW* and find it quite informative. The addition of the *InvestmentWorld* section is really a boon. However, the corporate insight item 'Indchem's techno-trail'(*BW* 25 April-8 May) has an error. It states that Avery India has its plant in Faridabad (Uttar Pradesh) when that district is located in Haryana.

I would also welcome some information on small-scale industry, like data on new viable ventures along with the licences issued by the Central government in a particular month.

Manoj Aggarwal

The error is regretted — Editor.

ENQUIRY

I am a regular reader of *BusinessWorld.* But sometimes I cannot follow some investment articles. I would like to know more about share markets and technical analysis of shares. Please suggest any courses on the same.

M.A.K. Kamal
Tamil Nadu

There are many such courses available. For one, please refer to the Company news and events item (p.37) in this issue. — Editor.

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WHITHER MISSIONS?

With the exit of Sam Pitroda from the ambit of technology missions, a question being asked is whether the efforts and the time spent in the last five years have gone waste. While pro-Pitroda analysts seem to think so, the government tends to think otherwise. Its argument: with a solid base built up during the seventh five year plan, the respective ministries can look after the ongoing work.

It is pointed out that during the plan, a total of Rs 5,700 crores was spent on the five technology missions. These include Rs 300 crores on immunisation, Rs 300 crores on oilseeds, another Rs 300 crores on adult literacy, a whopping Rs 1,800 crores on telecom and a massive Rs 3,000 crores on the water mission.

But what were the lessons from these now defunct technology missions? They are quite startling. According to an internal analysis of the Planning Commission, the non-Congress (I) state governments were far more receptive to technology missions than the Congress ones. Also, the state governments were more keen on oilseeds and telecom missions and indifferent to literacy, water and immunisation programmes.

Further, with most of the state governments short of funds, the money for the missions was diverted for other politically palatable projects. With all this, it is not surprising that the missions, initially known as "Rajiv's lobby losses" and later as "Pitroda's programmes" may eventually die a natural death.

WADIA'S INFLUENCE

No one is denying the fact that Bombay Dyeing is trying to reverse its sagging fortunes with the change in government. But the key question being asked is the extent of influence Nusli Wadia has in the new political setup. The recent customs raid on Reliance's Patalganga plant, the subsequent show cause notice, and changes in paraxylene pricing could all reveal Wadia's apparent clout at face value. Ever since V.P. Singh came to power, Wadia has been writing long-winded letters complaining against arch rival Dhirubhai.

One of the earliest letters, dated 18 January 1990, was addressed to a senior finance ministry official in which Wadia complained that he had been writing to the cabinet secretary, finance secretary, chairman of BICP, and secretary, chemicals and petrochemicals for some 20 months with no avail. Surprisingly, it was after this letter that the DMT and PTA price changes were effected.

Bombay Dyeing has also been trying to resurrect Bharat Petroleum Corp's (BPC) paraxylene project which was dying a natural death. Wadia wrote to the finance ministry lobbying for an environmental clearance for the BPC project. If the BPC project goes on stream, Bombay Dyeing's dependence on Reliance Industries will be substantially reduced. Wadia also pointed out that the then cabinet secretary T.N. Seshan had cleared the project way back in 1988.

WADIA: A MAN OF LETTERS?

In spite of all these, the government may want to play fair. The Bombay central circle of income tax has been following up on cases of alleged income tax violations against Bombay Dyeing. However, being a politically sensitive case, it is learnt that the tax authorities are going slow. In fact, the tax authorities have prepared dossiers for a number of industrial houses. And in recent weeks, they have followed this up with raids, which include those on the premises of GTC Industries and SM Dyechem.

SCHEMING ON SCHEMES

If the Planning Commission has its way, under the eighth plan, 250-odd centrally sponsored schemes will stand transferred to the states along with the resources spent on them. Just what exactly does this mean? Ask the bureaucrats, and they won't really tell you. Actually, they don't have a habit of disagreeing, but there are strong indications that the bureaucrats are not much in favour of transferring the schemes.

The reason: the schemes help more bureaucrats and staff members to stay in Delhi and avoid the heat and dust of the vast spaces of the country where they actually belong. An estimated 15,000 government servants who would otherwise be in the states are in the capital, thanks to the schemes, it is said.

Schemes such as the glamorous Jawahar Rozgar Yojana come in this category, under which the states chip in with their specified share of resources and the Centre gives its share, not unlike provident funds for employees. This time round, the planners want to transfer the schemes to the states in keeping with the federalist approach. The transfer would help the states use their resources flexibly, and make use of local resources and needs. But the bureaucrats have a point too. The general bureaucratic thinking is that such resource transfers are just a part of the Centre-state wrangle for more funds.

Moreover, a blanket approach to the schemes will not work, as officials are already discovering. Some schemes have already outlived their utility, some have specific problems, others have been partially successful... The bottomline: they differ from case to case, so the approach has to be selective. Thus, even as the approach paper hints at the transfer of most schemes to the states, the fact remains that a la licensing, the decisions could become selective. Perhaps it is too early to say that the bureaucrats have had their way, but they certainly seem to have manoeuvred to get a favourable position.

PEAKS OF EXCELLENCE

- Owned Funds : Rs. 458.00 crores
- Reserves : Rs. 400.00 crores
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- Owned Fund - Deposit Ratio : 4.2%

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STATEMENT OF POSITION - CONDENSED VERSION

CAPITAL AND LIABILITIES

(Rs. in crores)

31st March 1989			31st March 1990	
	48.95	Capital (Paid Up)		57.91
	295.00	Reserve funds & other Reserves		400.00
	9,340.65	Deposit & other accounts		10,922.67
	913.74	Borrowing from Banks & Agents etc.		1,926.74
	234.28	Bills Payable		332.52
	514.30	Bills for collection As *per contra*		670.72
	407.86	Other liabilities		440.51
	1,302.63	Acceptance, Endorsements, etc., *per contra*		1,519.26
54.94		Profit for the year	61.27	
40.00		Less transferred to Reserve Funds & other Reserves.	45.00	
6.20		Transferred to contingency	6.25	
	8.74	Balance transferred to Central Govt.		10.02
	13,066.15			16,280.35

PROPERTY AND ASSETS

(Rs. in crores)

31st March 1989		31st March 1990
1,531.54	Cash in hand and with Banks	2,427.34
41.00	Money at Call & Short notice	135.00
3,068.77	Investment in Govt. & other Securities	4,196.34
5,801.95	Advances	6,498.48
514.30	Bills for collection As *per contra*	670.72
1,302.63	Acceptance, Endorsements etc., *per contra*	1,519.26
54.74	Premises	57.25
51.85	Furniture & Fixtures	58.27
699.20	Other Assets	717.52
0.17	Non-Banking Assets	0.17
13,066.15		16,280.35

CANARA BANK
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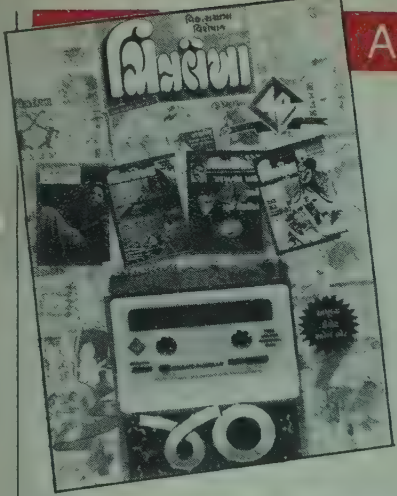
Head Office, Bangalore 560 002

commitment to people



A BIRTHDAY GIFT

Chitralekha, the high-circulation Gujarati newsweekly, has celebrated its 40th anniversary with a unique 'gift' for its readers. Attached to its special anniversary issue is an audio cassette telling the magazine's readers the *Chitralekha* story. "It takes readers backstage at *Chitralekha*," says Bharat Kapadia, the group's chief executive. Priced at Rs 20, the issue was a sellout. "We sold three lakh copies in a few days," says Kapadia, who insists the cassette caper was not a gimmick. "It was a birthday gift to our readers on our birthday," he quips.

The fast growing Chitralekha group, which has already launched other publications — in English, Marathi and Hindi, has a track record of innovative marketing. Its marketing strategies for *Jee*, a film magazine which got filmstars to autograph copies at retail outlets, was one such winning tactic. For its latest cassette venture, though, Kapadia didn't go it alone. He roped in three corporate sponsors — Nirma, Colgate-Palmolive and Vadilal. "It would have been very difficult to bear the costs ourselves," says the marketsmart Kapadia.

LIQUOR SMART

The stiff Brit upper lip is loosening a bit. For the first time in its 103-year-old hoary history, Shaw Wallace is turning marketsmart. Consciously. Sales and marketing functions at India's No.2 liquor company are being differentiated.

Hotshot marketer and IIM-A alumnus Ashok Swarup is being installed as head of marketing with responsibilities covering all product categories and the entire national market. The sales function, on the other hand, is being subjected to a product differentiation exercise: liquors will be under one general manager, while wines, beers and white spirits will be with another.

Meanwhile, under the two-year Manu Chhabria regime, Shaw Wallace has already upped its marketshare by two percentage points. That's what industry insiders say, anyway. Even so, Vijay Mallya's UB group is ahead still in the IMFL (Indian-made foreign liquor) marketshare stakes by a good 7-9%. But the latest revamp signals Shaw Wallace's all-out effort to bridge this gap.

FRIDGE FANCIES

More action in the fridge market is on the cards. At least at the higher end. Voltas and Allwyn, two major players, are sprucing up plans to launch premium fridges. These upmarket refrigerators will have brand new features. Like 'no frost' facilities. And of course, hefty price tags. The market grapevine has it that Allwyn's going to hawk its new fridges at a whopping Rs 22,000 each. Though the Voltas price designs aren't known yet, company sources hint that they might not be as steep.

Add on features like 'no frost' are perhaps the beginning of a trend. With competitive fever running high, fridge makers are wracking their grey cells trying to think of product modifications. Voltas apparently has other plans as well. Like a fridge which can be opened from different sides. Hectic consumer research is already underway.

But Voltas has always been an innovator. The company was the first to launch fridges painted in different hues and everybody else soon hopped on to that bandwagon. Not that all of Voltas' plans have been winners. Take the abortive efforts to launch a low priced (Rs 3,000-4,000) 'janta' fridge. The product was developed but it was soon found that it could cool but not freeze water. At least not at those prices. And, as research showed, a fridge which cannot freeze does not cut ice with the consumer.

WATCH WARS

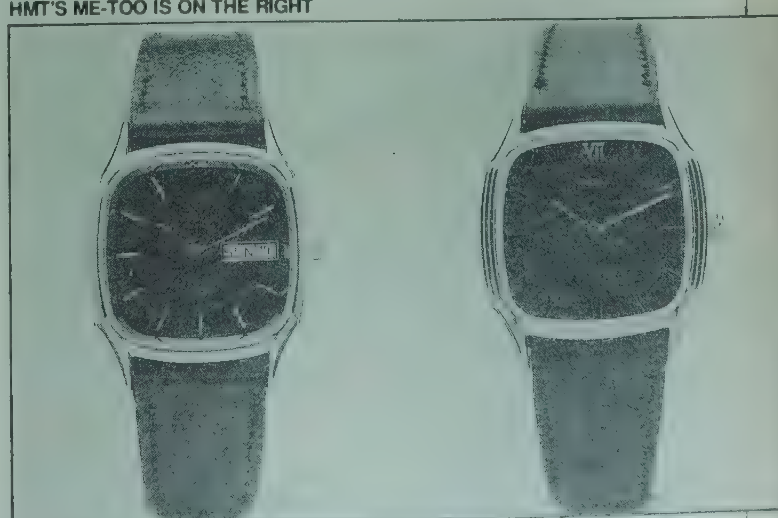
Watch wars. Well, not exactly, but a skirmish nevertheless. Bangalore-based Titan Watches is up in arms. The provocation: arch rival, the public sector HMT has launched a new quartz watch model that closely resembles a Titan watch design. Imitation, they say, is the best form of flattery. "Not when it gets beyond a certain point," rages an angry Xerxes Desai, Titan's managing director.

As if that was not enough, another rival, Hyderabad-based Allwyn, has fired a salvo at Titan in the marketplace: its chocolate brown plastic watch containers with a transparent top are exact replicas of Titan's own packs — right down to the lettering of the company's name. "I'm going to take it up with the company," fumes Desai, who's also irked by HMT's reported diktat to watch dealers not to stock its rival brands. Says Desai: "Being public sector, HMT is getting away with it."

But sniper shots in the marketplace aren't worrying Desai overmuch. At least they haven't kept him from honing up fresh marketing strategies. Come Diwali, and Titan will be going real up-up market with new models aimed at the *creme de la creme*. Made out of pure silver and rhodium and with extra thick gold plating, the watches will have another little feature: a minimum price tag of Rs 20,000.

That's not all. Upwards is a direc-

HMT'S ME-TOO IS ON THE RIGHT



tion that Titan Watches obviously likes. At least in the marketplace. Up its sleeves are plans to launch even more expensive fare. Like solid gold watches encrusted with precious stones. Says Desai: "We see a large market for these watches among affluent foreign tourists who are drawn to things like Indian handicrafts." With markups in Indian stores much smaller than those in the US and Japan, Desai believes his new watches could be a steal for tourists.

It'll be some time before the new jewels from Titan hit the market, though. For the moment, the company's waiting for new procedures for purchase and accounting of gold (after the abolition of the Gold Control Act) to be announced. Before it says 'Upwards ho!'

AD-ED SPACE

Ad-vertorials. Ed-vertisements. Call them what you will but the trend's pretty much here. Advertising agencies call them media innovations. Where the conventional distinction between space reserved for editorial matter and advertisements breaks down. And ads splash and spill all over the place.

TOMATOES SPILLING OUT OF A NEW GODREJ AD

The trend's a recent one but it's catching on. The glossies went for it first. Colour supplements of general dailies were not too far behind. And the conventional square (or rectangular) format ads began changing shape. Take Godrej's new tomato puree ads. Ripe red tomatoes bounding right across editorial matter. Or ITC's edible oils. Where a cartwheeling kid kicks into editorial copy.

It started with competition in the advertising business. And every ad agency worth its salt wanted high salience. "Media innovation was the easy way out," says Pradeep Guha, *Times of India*'s director (response) To break out of the clutter, agencies offered clients 'new' ideas. And it wasn't too late for the advertisers to catch on. And why not? Everybody wanted to stand out.

For the publishing houses, there was moolah in this manoeuvre. Most 'innovative' ad spaces are hawked at a premium. And in a scenario where the screws are being tightened on the press media, with television hogging the show, small wonder that publishing houses lapped up the offerings.

But everything's not as rosy as that. "Sooner or later there's going to be resistance from readers, who wouldn't like intrusions into editorial matter," says an agency CEO. Guha, on his part, thinks the phenomenon is a temporary one. Says he: "It's a situation where clients are pushing agencies and agencies are pushing publishing houses to see how far they can go. But very soon the dust will settle and things will stabilise." Till then the pushing goes on, what?

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HTA: SCORING A CENTURY

Top dog. That's the slot it has been occupying now for years. Like a solid edifice 60-year-old Hindustan Thompson Associates (HTA), India's largest advertising agency, has stood the test of time. This year HTA turned 60. It also crossed 100. Four years after becoming the first Indian agency to cross the Rs 50 crore billings mark, HTA this year overtook the magic Rs 100 crore figure, becoming the first Indian agency to move into triple digit billings, decisively proving it's the biggest.

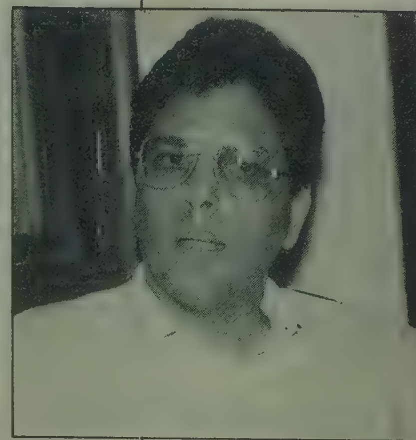
Small wonder that Mike (M.K.) Khanna, HTA's CEO, is pleased as punch. Says he: "We've always been the largest agency in the country. And there's never been an instance in our 60-year history when we've lost that spot." Never? A year ago HTA came very close to that when its numero uno position was challenged by arch rival Lintas. It's history now, that skirmish when the two titans of Indian advertising went public with their acrimonious slanging match, each saying: "I'm the greatest."

APPLES AND ORANGES

The issue at stake then was who's got the biggest billings. But over a year later today, Khanna waves away that controversy. "It was a non-issue, where Lintas was comparing apples and oranges," says Khanna. His contention: rival Lintas was comparing its December-end 12-month figures with HTA's July-end seven-month billings. That may have been true, but it didn't deter the two giants from fighting each other out in the open for over six months. Later, better sense prevailed and a truce was called.

But that is history and, back in the present tense, Mike Khanna is clearly topdog. For this time around there's not even a murmur from arch rival Lintas. The question doesn't arise. HTA's 1989-90 (December-end) billings of Rs 101 crores outstrip rival Lintas by a whopping Rs 15 crores (see table). There's more to come. Says Khanna: "In the financial year (1989-90) we hope to finish with a higher figure." His estimate: between Rs 107 and 110 crores, which translates into a 36% (or more) growth over the previous year. At a time when total industry billings are growing at an average of 20% a year, that's impressive.

But while the past year has been one of HTA's best, the agency has actually been moving into top gear over the past five years. Says Khanna: "Our growth rates averaged 26-28% over that period." And hard data is evidence of that. HTA's billings grew over three-fold between 1984-85 (Rs 35 crores) and 1989-90.



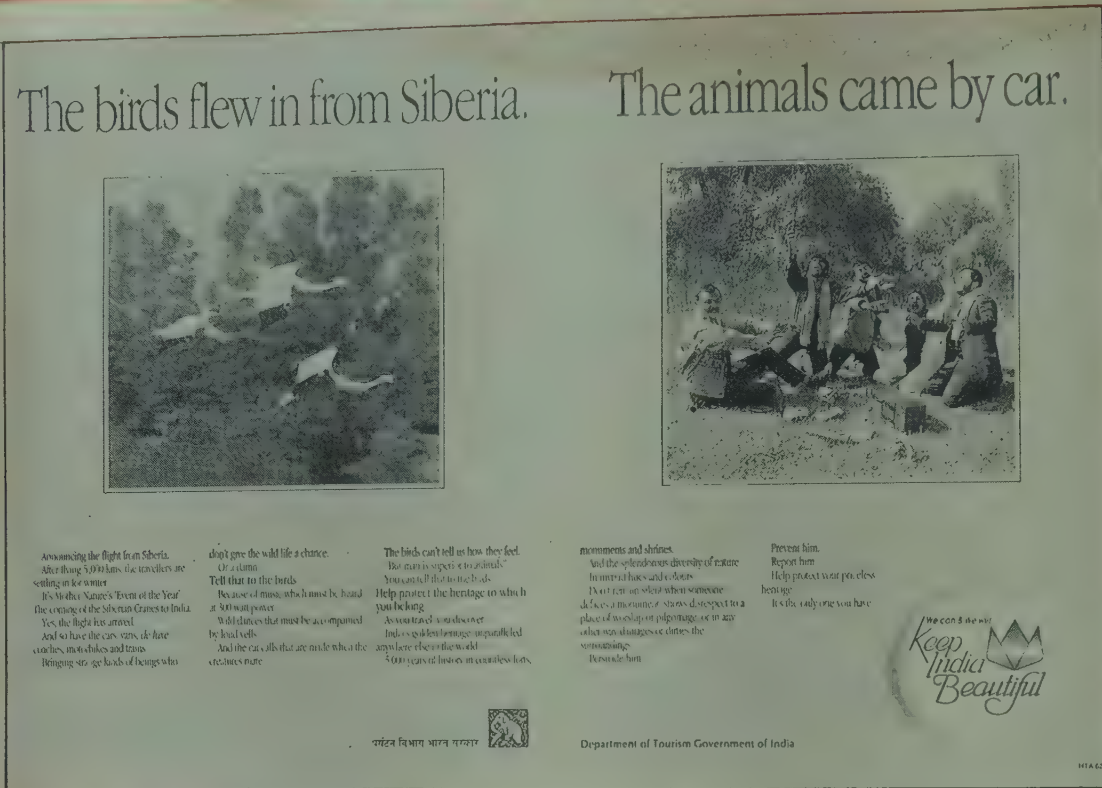
What's the key to HTA's success, which keeps it head and shoulders above the rest of the pack? Sheer size, for one, is a major advantage. "We're a full service agency," says Khanna, "with five full service offices." And solidity. "I think we are successful and respected because of our integrity as a company," he adds.

But integrity and infrastructure apart, there's been a strategy at work. A strategy that has had to work. With the marketplace becoming more crowded and clients more demanding, ad agencies themselves have had to face up to competition. Says Khanna: "We had to become attitudinally more competitive." On one count, that meant turning aggressive.

Even Khanna admits that 5-10 years back, the agency didn't have a well-defined strategy for new business. "In fact, we never had concrete new business plans," says he. All that has changed now. And since 1985, the agency has had a core team scouting for new opportunities. And that's worked. In the past two years alone, HTA bagged nearly 40 new accounts, many of which were snatched away from other agencies.

Among recent accounts PepsiCo is Khanna's favourite. "The account of the decade," says he. Perhaps that's justified. For the Pepsi account was one of the most coveted

With consistent growth in billings over the last five years, Mike Khanna's HTA has emerged as the heavyweight champion of the Indian ad world



THE TOP TEN

Agency	Billings in 1989 (Rs crores)
Hindustan Thompson Associates	101.18
Lintas India	84.86
Ogilvy & Mather	56.75
Mudra Communications	31.76
Ulka Advertising	38.40
Everest Advertising	35.06
R.K. Swamy Advertising	32.00
Advertising & Sales Promotion	18.04
Jaisons Intl. Associates	17.02
Chaitra Advertising	19.66

Source: [illegible]sing Age.
Note: At least one major agency Rediffusion did [illegible] Alan Caron Advertising [illegible]

businesses in recent times. All the major agencies had pitched in with presentations. "It was probably the most thorough evaluation of agencies by a client," recalls Khanna. But after being subjected to PepsiCo's microscope, HTA bagged the prestigious account.

Perhaps the Pepsi coup was HTA's crowning glory last year, but there's more. Among the 40 odd new accounts that the agency has bagged are big names: Bata India, Cadbury, Ceat, Hero Honda, new brands from VIP suitcases, Maruti Udyog and Citibank.

High quality and consistency of services perhaps has been HTA's ticket to success. "We set the highest standards in quality," says Khanna. And that's borne out by the long list of clients who've stuck with the agency for years. Take Indian Photographic Co. (the erstwhile Kodak). It's been around with HTA for 60 years. Right from day one. Or Air India, which has been around from 1938. Other oldies (which are goldies for the agency) include ITC (1954), Hindustan Lever (1960), Indian Aluminium (1950), Philips (now Peico — 1956), Brooke Bond (1953), Tisco (1940) and Union Carbide (1947). Impressive?

But the HTA charisma doesn't charm just the private sector bigwigs. It's a hot favourite of the public sector as well. In a recent Marketing and Research Group Survey, HTA topped the list of best agencies evaluated by public sector undertakings. So it's not a surprise that the agency boasts of as many as 24 public sector clients. "Most of these are the more competitive and highly visible ones," says Khanna. Clearly he's talking about the Department of Tourism, Air India and Maruti. In fact, an HTA campaign on tourism ('Keep India Beautiful') won a gold medal last year at the Advertising Festival in New York.

Awards. That's another talking point in advertising. And Khanna too makes his point. "We must all aspire to winning awards," says he. Khanna claims his agency has won more awards than others in the past five years. This despite the fact that in recent months, names like HTA and Lintas have been overshadowed by the Trikayas of the land on the awards lists.

Despite the Rs100 crore feather in its cap, the country's biggest advertising agency isn't sitting on its laurels. Far from it. New directions. That's on Khanna's mind now. The agency's wholly-owned subsidiary Fortune Communications is all set to take off this year. An agency set up to specialise in the booming business of financial advertising, Fortune started operations late last year. And though the going's tough (financial advertising being a heavily guarded preserve of specialist ad shops), Khanna's quite confident of making inroads. "Financial advertising accounts for Rs 120 crores worth of billings today and it lends itself to specialisation," says he. But will HTA be able to break the stranglehold of financial ad agencies which offer more in their packages to clients than mere advertising? "We're not rushing in," says Khanna who clearly believes in treading the waters cautiously. The HTA gameplan is blossoming on other fronts as well. Indian Public Affairs Network (IPAN), the agency's PR division has already notched up an impressive tally of clients. Among the fledgling PR outfit's leading clients are Boeing, ITC, PepsiCo and Citibank. A new direct marketing division is also being given the finishing touches. Sums up Khanna: "When you operate in a rapidly-changing, fast-growing marketplace you have to fit into that environment."

With a consistent track record and a solid, stable structure, that shouldn't be much of a problem for India's largest advertising agency.

■ *Sanjoy Narayan*

A FAST FOOD FLOP

Picture this: a major beverages company with a few top-selling brands is considering diversification into related areas. The most logical line: food. The most logical slot: instant foods. So, out comes the idea of an instantised meal and a star is born. Promotional binges, high-pressure advertising and hoopla follow. The company waits for the cash registers to start ringing. Slowly, realisation dawns that the star is, in fact, stillborn. The company is Parle Exports — the soft drinks giant with top-selling brands like Thums Up, Limca, Gold Spot and Maaza. The product is Bisca Noodles. Today, Parle is relaunching Bisca with a new strategy and positioning, after withdrawing it within six months of launch last year.

The story goes like this. In April 1989, taking heart from the market reception to Maggi (a Nestle brand launched in 1984), Parle decided to go in for what it considered to be a product of the times — Bisca pre-cooked noodles. The idea was to introduce a superior brand of noodles with the presumption that the market would expand with the availability of better products. Bisca was pre-cooked — one only had to add hot water — and could be conveniently eaten in its thermocole container (which also kept it warm till the end). It came with a fork-cum-spoon contraption. The launch was limited to Bombay and Pune.

Bisca was widely promoted as a whole meal which was pre-cooked. Office-goers in Bombay's business areas of Nariman Point, Fort and Flora Fountain who could not afford eating out in costly restaurants every day were the target segment. Four flavours — all vegetarian — were introduced and the product was made available specifically in these business areas as well as in the suburbs at key points. The product was advertised over TV and radio, in the press, on bus shelters and hoardings. Even today, Bisca has a high rate of brand recall. The company spent Rs 45 lakhs on promotion and advertising during the four-month period April-July 1989.

HIGH TRIAL RATES

Bisca got a good initial response. Trial rates were high. In some cases these touched 85% and the company thought they had made it. Soon, surprises followed. The highest trial rates were not in the business areas of the cities as was originally expected but in the suburbs. Most of these were home trials. And the lowest rates of trial, to Parle's chagrin, were in the business areas of the city. Pune also had a similar pattern. After the initial trial, repeat purchases began to wane and the product had to be withdrawn in September 1989.

Bisca was positioned, unlike Maggi, as a whole meal. The quantity of noodles was also meal-size: a full 330 gms when rehydrated. Now that is really a lot of noodles. The conventional food habits of most Indians rang the death knell of Bisca. People prefer traditional foods to noodles and other snacks as a meal. And it would take an unusual person to have noodles as a meal very often.

SURVEY FINDINGS

In fact, a survey on working women recently carried out by Parle after the Bisca fiasco shows that, on an average, even in multinationals and foreign banks, a full 75% of women carry their own lunches to office. Of the remaining, a meagre 15% eat out while the rest take office lunches. In Indian banks and government offices, a phenomenal 95% of women carry their own lunches. Around 4% eat out and 1% take office lunches. Although more men eat out than women, a similar survey being conducted by Parle presently is not expected to come out in favour of having noodles as a meal.

Other factors were also responsible for Bisca's debacle. The Indian psyche associates staleness with anything that is pre-cooked. Consumer feedback revealed a perception of the noodles being half-cooked. The advertising sought to rectify this by better communication but, by then, the damage had been done. Taste was also a factor but the company does not accept this terming it as too individualistic and subjective a factor.

Parle's opinion on Bisca is different. The company considers this as a test launch and does not consider Bisca to be a failure. Rather than try and change the tastes and food habits of consumers, Parle preferred to withdraw Bisca and relaunch it after making it more suitable for the consumers. Parle defends the debacle as an attempt at selling a concept which did not work out.

The company is tight lipped on the new positioning of Bisca but all things considered, it would have to be positioned as more or less a convenient home snack. It should be interesting to watch this relaunch.

■ *Mehool Parekh*
The author is a partner in a Bombay-based management consultancy firm.

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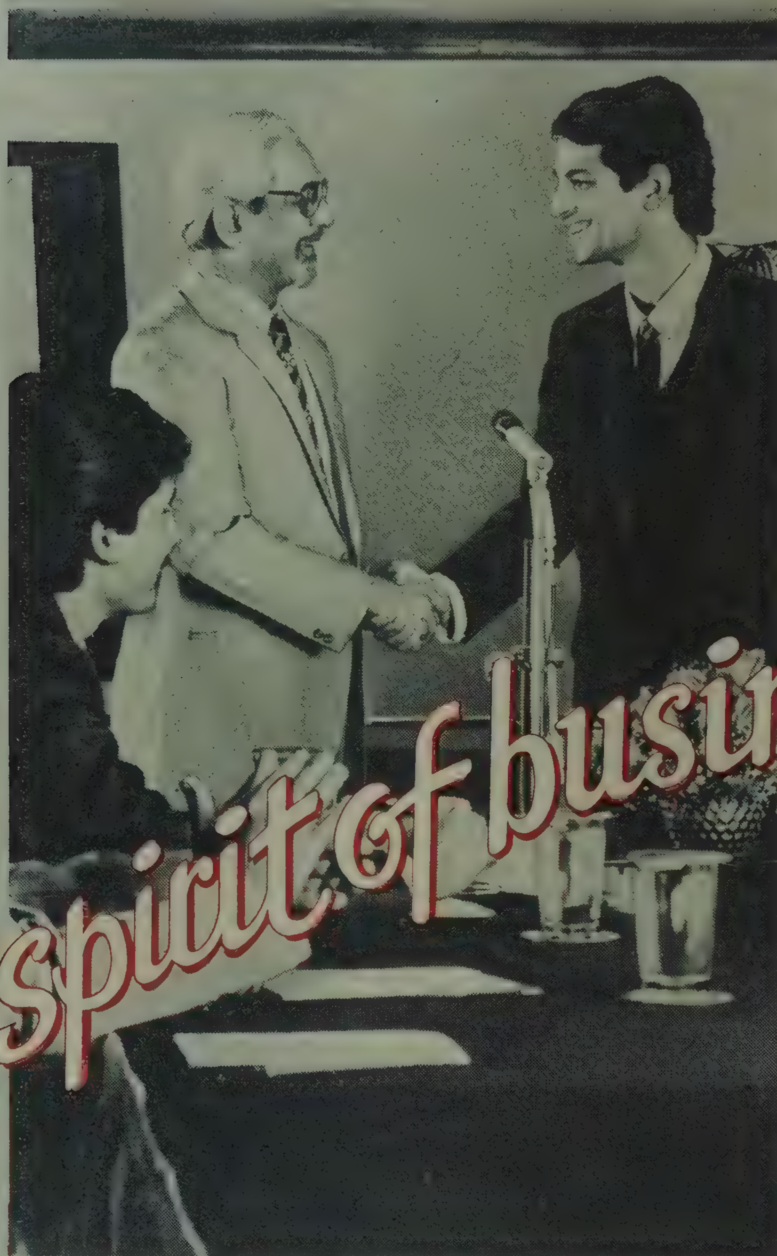

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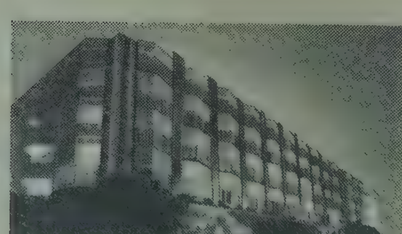

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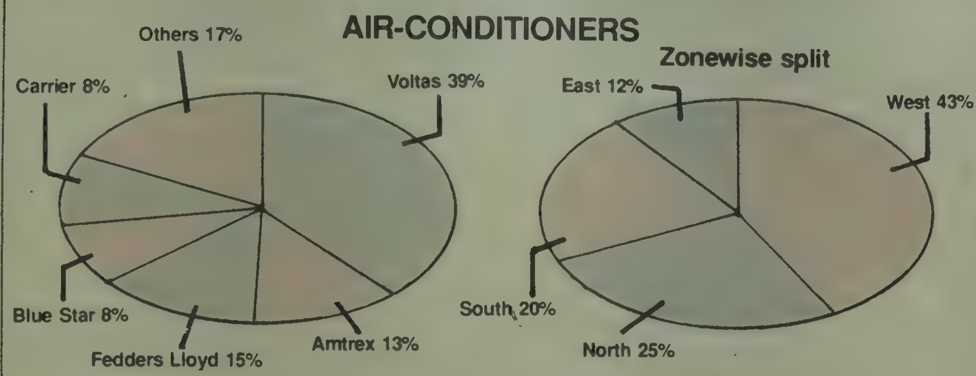
AC MARKET HOTS UP

After years of cool climes, the air-conditioner market in India is suddenly hotting up with a host of new products and entrants.

This market can broadly be split into two: central air-conditioning systems and room air-conditioners.

The room air-conditioner market is estimated to be around 1.3 lakh units. A big chunk of this (60%) is in the unorganised sector — a section which the industry loosely defines as anything from a roadside assembly outfit to a regular small scale unit. The organised sector is the domain of Voltas, followed by Amtrex (Lalbhai group), Carrier, Blue Star, Fedders Lloyd (Punj group), Arco and Usha. All these brands operate nationally. There are a number of regional brands too like Himgiri.



Note: Total sales-1.3 lakh units out of which 40% is in the organised sector. Price in the organised sector is Rs 30,000 against Rs 20,000 in the unorganised sector.

The institutional segment is the main buyer in this market since individual household purchase is practically nil. The air-conditioner market was languishing in the cold till about five years ago. The first bout of oxygen came via computerisation. Air-conditioners were a must with personal computers and, with increasing computerisation, air-conditioner sales spurted.

CRUCIAL FACTOR

After sales service is a crucial factor in consumer durables. In air-conditioners, the scene is no different. As sales expanded, the companies passed on this service responsibility to third party operators. Over a period of time, the third party mechanics understood the science and it wasn't long before they bought parts on the open market, assembled them and sold them for a tidy sum. Thus, the unorganised market, which was about 5% in 1975, is 60% in 1990.

The growth in the unorganised sector was also fuelled by the high excise and taxes on air-conditioners. (Excise is 200%.) High prices notwithstanding, companies are trying to plug in an ultra lifestyle into their products and campaigns. Amtrex is a good example with their push on 'split air-conditioners.'

Splits (where the condensor is placed outside the room) were introduced by Voltas in 1987. Voltas, according to the industry view, did not push splits seriously because the company had sufficient volumes in conventional air-conditioners. In 1988, splits were about 5% of the total market and this has now moved up to 25%. Amtrex is pushing splits heavily with the intention of becoming the 'leader in splits.' The advertising (from Trikaya Grey) is building up splits as a status symbol. The campaign, which won an award recently, has generated a lot of enquiries for Amtrex, a rare combination these days.

Amtrex also introduced oscillating louvres (which help disperse air in all directions) and epoxy painting on the case. While other firms sell 1 tonne and 1.5 tonne single splits, Amtrex now offers a range of 2 to 4 tonne multisplits. By offering this range, Amtrex hopes to compete against the small user of central air-conditioning. Architects and interior decorators are being contacted regularly.

The outlook in the business is positive because of the rapid proliferation of hi-tech equipment like computers, medical equipment, electronic machinery, etc, which require a dust-free atmosphere. Industry watchers feel that a 15-20% growth rate should be possible in the next few years. And, if ever the government reduces the excise duty (very unlikely), a huge upgradation will take place from air coolers and the like. Is this the reason why companies like Videocon, BPL, Onida, etc are coming into the market?

These electronic durable manufacturers have strengths in dealer network, brand image, etc. A dealer network is a strange concept in air-conditioners as showroom sales are non-existent. Trade margins in this business are about 2-3%. The money is in installation and servicing. All the companies offer a one-year warranty after which they offer a comprehensive service contract.

All kinds of businesses are fast becoming potential air-conditioner buyers — small restaurants, boutiques, hair dressing saloons, saree shops, travel agencies, etc. The ability to contact this diverse group and sell to them mainly on quality and after sales service will hold the key to the future.

■ *D. Shivakumar*

The author is a Madras-based marketing executive.

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THE PUBLIC SECTOR POSER

The article "Accountability without autonomy" in *The Times of India* of 20 March by V. Krishnamurthy, (who recently retired as Sail chairman, after an outstanding tenure as a public sector CEO) has not received the amount of attention it deserves. In a sense, the article represents Krishnamurthy's swansong as a public sector manager. It projects at the same time his deeply-held belief that public sector enterprises have played a very purposive and significant role in the country's economic-industrial development. It also reflects his deep sense of frustration that the vision of the public sector as the engine of change as envisaged by Nehru has not substantively materialised primarily because of the diffused boundaries of autonomy in the context of specific accountability for performance.

Krishnamurthy's view that public enterprises have played a strategic role in India in accelerating economic growth cannot be challenged. He rightly contends that the public sector today:

- Is a symbol of self-reliance;
- Has triggered growth in other sectors of the economy;
- Has facilitated development in hinterland areas;
- Has provided technological depth to Indian industry, particularly in hi-tech areas; and
- Has groomed a large number of talented managers (i.e. nearly 60% of the middle-management group).

Many perceptive observers of the Indian industrial scene would contend that, notwithstanding all this, the public sector has not generated the kind of results which it should have. They also contend that much of this lower-than-expected performance can be attributed to politically-motivated strategic and policy planning and decisions regarding top management personnel choices (and the revolving-door connotations of tenure), technology import, overmanning, award of contracts to favoured personnel etc.

The basic problem of public sector units is that the CEOs are accountable for their performance but have no autonomy to do things their way

NEW ARRANGEMENT

This criticism of lower returns and non-commercial values of public enterprises has led the government to introduce a new arrangement whereby the government as the owner enters into an understanding relating to production quantity, sales revenue, product-mix, capacity utilisation, costs, margin, profit and funds flow. Such an understanding — usually called a memorandum of understanding (MoU) — also reflects agreed levels of expansion, investments in new facilities and modernisation and the related financing arrangements without any further reference to the government, particularly when there is no demand for capital investment funds on the government. The MoU system is two years old now and covers almost all large public enterprises.

While the MoU mechanism aims at providing greater autonomy within the agreed boundaries of performance, it has not worked as effectively as originally envisaged. Part of the reason for this is that in several key areas the government still exercises considerable control.

Those who are familiar with the operations of subsidiaries of foreign companies (or even associates with 40% equity held by the multinational) are aware of the tremendous hold of the parent company on the subsidiary. Several such subsidiary and Foreign Exchange Regulation Act (Fera) associate companies are even required to prepare budgets and performance statements according to the formats specified by the parent company so that they can be quickly consolidated in the parent company's system. Investments of relatively small amounts of less than Rs 1 crore have to be justified in the format prescribed by the parent company and its prior sanction taken. Visits by senior parent company managers and technical, marketing and financial specialists are very common.

Senior government officials in the administrative ministries often ask that if a 40% holding can lead to total domination by the parent company, why is there so much noise made in relation to public enterprises where the government's holding is 100%? However, arithmetic may not provide the vital qualitative answer in this context as the issue relates to culture, style and beliefs between two sets of enterprises and their compatibility. Since the parent multinational is also a profit-earning company subject to the disciplines of the marketplace, it naturally leads to congruence of business values between the two enterprises concerned. It is wrong to contend that there is no dissonance between the parent and the Indian subsidiary or associate company but the fact of the matter is that it is very rare.

Krishnamurthy contends that the relatively disappointing performances of public sector companies must be attributed to their functioning as an extended arm of the government. They lack autonomy in planning and decision-making, while accountability — particularly under the MoU arrangement — is complete. He contends that this has come about because public sector companies lack stable ownership putting the public enterprises on the shifting sands of political majority. Whatever freedom there might be in principle, it disappears in the blazing heat of the scrutiny of the official and parliamentary bodies from time to time.

Initially when the idea was mooted of preparing a white paper on public sector enterprises, it was widely appreciated. Both the Rajiv Gandhi government and the V.P. Singh government have made favourable noises about it

but it has still not been presented to parliament. It is often mentioned that the original group of CEOs of some of the largest public enterprises charged with the responsibility of preparing the paper like V. Krishnamurthy, Subroto Ganguly and others had openly confronted the government stating that the policy of running public enterprise by proxy from Delhi must stop. In their view, if the MoU system was to be given true meaning and content in terms of accountability consistent with authority for decision-making and resources for carrying out its jointly agreed tasks, autonomy for planning and decision-making must be provided and the enterprises released from the stranglehold of the secretariat. While the more profitable public sector enterprises — particularly in the distribution, trade and services sectors — most probably enjoy greater autonomy than most, those who are insightful about public sector operations know that in many matters decisions — even within the MoU— have to be approved by the administrative ministries concerned.

The balance between autonomy and accountability, particularly where public funds are invested, is not easy to achieve. Accountabiltiy implies a predetermined set of performance criteria to measure the degree of organisational effectiveness and success measured in terms of fulfilling specific short and medium-term tasks. However, as Krishnamurthy contends, in reality, isolated actions and individual decisions have been questioned rather than the overall performance of the enterprises. Autonomy gets eroded by governmental instructions and interventions — both formal and informal.

The memorandum of understanding approach for the public sector has not worked the wonders it was expected to. This is mainly because of the lack of freedom of chief executives

Krishnamurthy's contention that autonomy needs to be defined in sharper and more business-like terms is wholly valid. One must begin by asking how such autonomy is manifested and the process and mode of its working. Some would even contend that the prime locus of this autonomy must be in the chief executive's office. If his term of office — is so short and if his authority and writ are brittle in content, it is not surprising that one has knee-jerk reactions from many CEOs to the ministries' instructions because being a pliant player often leads to rewards of a long tenure and political patronage. The need, therefore, is to select such chiefs and their top management team carefully and provide them with longer-term tenures so long as there are no questions of malfeasance, malafide or lack of integrity and so long as the results achieved are consistent with the predetermined targets or the MoU.

LONG-TERM CORPORATE PLAN

This also raises important questions relating to the government and the enterprises' relative roles not only in short-term operational and commercial matters (such as pricing, product-mix, contracts etc.) but also in longer-term decisions relating to technology acquisition, product diversification, capital investments in modernisation and expansion etc. The latter area is of course fraught with much greater difficulties primarily because the tenure of the CEO and his top management team is current in temporal terms, while the accountability of the government to parliament is enduring. Nonetheless, the MoU process could be extended to this area by a periodic jointly-conducted, long-term planning process, say for five years (spelling out the long-term mission, objectives, corporate and functional strategies, financial projections, capital expenditure and strategic action plans).

Such a corporate plan will underpin the MoU and provide the boundary line and ground rules for operational autonomy. The annual MoUs could then be aligned with such longer-term reference points. The assumption would be that so long as the MoU targets are achieved, the tenure of the CEO and the top management team will not be disturbed, and they will be left to fashion such operational and management stimuli which will put the public enterprise on the path of viability, profitability and growth.

Autonomy must also be related not only to money and men but also to technology and equipment choices so long as there is no draft on the funds of the government. It should be entirely possible for a public enterprise to make its own choices rather than subject itself to endless examination by the administrative ministries, bureau of public enterprises, parliamentary committees etc. The spirit of mutuality of purpose, common objectives and shared mission must arise from sympathetic resonance derived from shared values, beliefs and style. Political equations and relative power will have no bearing in such a scheme of things.

One wonders whether the A-320s would have been bought in place of the tried-and-tested Boeing series aircraft if performance criteria were the basis on which the top management of Indian Airlines chose the aircraft. If countervailing measures and checks and balances are necessary, considering the large amounts involved, one can consider the model prevalent in Europe based on the supervisory board. Such a board is often composed of trade union leaders, academicians, bankers and technologists and has no right other than hiring and firing the CEO (who is a member of its board and is also the person heading the management board). An alternative model could be as in the United States, with the constitution of an entirely non-executive director-manned appointment and personnel committee of the board with authority to appoint the CEO as also to provide strategy and policy guidance. As Krishnamurthy would probably agree, this would be a huge improvement on running public sector enterprises by proxy from the various administrative edifices in New Delhi.

Being the visionary that he is, and also an outstanding manager who has established an enviable track record, Krishnamurthy deserves our gratitude and thanks for raising the basic question as to how the balance of accountability with autonomy should be approached and resolved. Perhaps our whole future economic-industrial development is dependent on what measures of pragmatism, insight and, of course, wisdom we bring to the resolution of this issue.

■ *S.K. Bhattacharyya*
The author is a Bombay-based management consultant

FLYING HIGH WITH BOEING

Even as the Airbus seems to be flying out of India, Boeing is discreetly stepping up its presence. Not necessarily directly. Last month, a Boeing Canada-led group was in the country playing matchmaker to Canadian companies and Indian businessmen to enable them to tie up for hi-tech ventures.

"Our objective is to bring Indian and Canadian companies together in areas the Indian government deems a priority," says Roy Hebert, director (business planning) of Boeing Canada. "The focus is on reduction of India's import bill in areas such as oilseeds and on increasing hard currency earnings."

HEBERT IS PLAYING MATCHMAKER

Varied interest. The exercise, styled Team Canada, brought to India representatives of companies such as Eco-Tech, Vadeko, Allelix Crop Technologies and Cambrian Engineering with interests in food and agriculture, biotechnology, energy, mineral processing, environmental protection and robotics. The Indian participants included both big houses and small entrepreneurs.

But what's the payoff for Boeing Canada? Well, it wants to sell its Dash 8 turbo-jets to Vayudoot and one of the hitches is foreign exchange. "Vayudoot's revenues are in rupees and not dollars," says Hebert. He hopes that the exchange earnings of these projects through buyback arrangements will help pay for the deal. "The potential of rice bran exports alone in a five-year period is $700 million," he adds.

The payoff, of course, won't be immediate. So the deal Boeing is currently trying to strike — for 24 aircraft costing $500 million — will require a different financial package. "We are ready with various countertrade proposals," adds John W. Wilson, Boeing Canada director of international sales.

Meanwhile, add the Boeing representatives, the Team Canada effort will go on. "It is in no way linked to whether we get the Vayudoot order or not," says Hebert. "But we are obviously going to do our best to see that we do." Move aside Airbus; Boeing is flying high in more ways than one.

BIOTECH TETE-A-TETE

In Persian, *ushta-te* means "may happiness be unto you." The Calcutta-based Dadina group, which has promoted biotechnology venture Ushta-te Biotech Industries, must be hoping that a lot of happiness will come its way through the diversification.

The Dadina group has interests in specialised construction work like laying the foundations of jetties. The new Rs 20 crore venture, for which a plant is being set up at Cuddalore in Tamil Nadu, is also filling a specialised slot. Ushta-te will manufacture high fructose and glucose syrup, dextrose monohydrate and compounded animal feed at its spanking integrated plant using tapioca as the main raw material.

Place of honour. P.N. Dadina, managing director of Ushta-te, explains: "Tapioca is grown in abundance in Tamil Nadu and Kerala. Indeed, it is known as the poor man's crop in these parts. Well, tapioca is now going to find its place of honour in the industrial scene because the item happens to be one of the most important sources of starch. The processing of tapioca to high quality starch and its derivatives is straight forward and has immense possibilities."

According to him, Ushta-te's annual requirement of tapioca tubers when the plant attains full capacity — which he expects in two years — is about 100,000 tonnes against Tamil Nadu's present production of 1.5 million tonnes. Consequently, he foresees no problems in the procurement of tapioca. (Incidentally, the national commission on agriculture plans to bring 1.47 million hectares under tapioca cultivation in Tamil Nadu in the next five years.)

But why biotech?. Dadina is quick to answer this query. A chemical technologist specialising in organic chemistry and nuclear technology, he had worked with ICI India for eight years till the entrepreneurial bug bit him. He joined his elder brother's construction company. Unfortunately, his elder brother (K.N. Dadina) met with a fatal accident, forcing P.N. to take up the reins. Having done moderately well in his niche in the engineering field (the company has executed orders of Rs 20 crores till March 1990) Dadina felt it was high time to go into the biotech business which "is my own line" and which will enable him to add to the coffers of the group "out of my own contribution."

DADINA IS DIGGING FOR HAPPINESS

Roped in. Ushta-te has roped in Starcosa GmbH of West Germany for the supply of process knowhow and design. Incidentally, Starcosa had given the technology of producing industrial alcohol from beetroot to the Calcutta-based IFB-Agro a couple of years ago.

High fructose syrup (HFS), a major innovation in starch sweeteners, will be now introduced for the first time in this country on a commercial scale. The major users of this product will be the manufacturers of soft drinks, fruit-based drinks, bakery products, confectionery, pharmaceuticals and processed foods.

"Fructose syrup has replaced sugar to a large extent in developed countries for applications such as these," says Dadina. "Although it has the same sweetening power as sugar, it has other properties such as higher solubility, unmasked flavour, refreshing taste, longer shelf life and lower microbial growth which makes this product ideally suited for various food-related applications. Our other products are glucose syrup for canned foods, dextrose monohydrate for energy food and dextrose anhydrous for electrolyte powder. Tapioca spent pulp will give animal feed." Dadina expects to go into commercial production by end-August, but already reputed companies like Voltas, Lipton and Spic have shown keen interest in Ushta-te's products. He, for one, is looking ahead to a sweet future.

PHILIPS' SOFTWARE FOCUS

For software majors it seems that India's the scene. One by one they are coming to the country to develop software for export purposes. Muscling in now for a piece of the action is the Dutch electronics giant Philips. The vehicle: the international software production centre of Peico Electronics & Electricals at the Santacruz Electronics Export Processing Zone (Seepz). Implemented by Philips Application & Software Services (Pass) with assistance from Unique Dataware Systems & Consultants (UDSC), a wholly-owned subsidiary of Peico, the new venture is just about to take off.

Fausto Moro is the man at the helm. The incumbent general manager of UDSC feels confident that it will be all systems go by September. Says Moro: "The Fera (Foreign Exchange Regulation Act) application has already been filed with the Reserve Bank and we will be seeking the consent of the controller of capital issues soon." The new venture will be 76% controlled by Philips N.V. and 24% by Peico (start up equity: Rs 1.25 crores).

Local market. The local market will have something to cheer about as the venture will market quality software at competitive prices. (Though principally for export, 20% of the output will be earmarked for the local market.) "We are here to create the image of a quality-conscious software player," says Moro. "This is why it has taken quite some time for Philips to hop onto the software bandwagon," says Moro.

Now that Philips has finally taken the plunge, Moro expects work on the Rs 1 crore project to proceed apace. Key equipment such as network PCs and workstations from Philips N.V. are expected to come in shortly. The foreign exchange for these imports has also been taken care of. According to Moro, against a net foreign exchange outflow of Rs 2.34 crores, the inflow will be Rs 2.5 crores in the first year itself. By the fifth year this will rise to Rs 12 crores.

Captive customers. Marketing should not be much of a problem as Philips N.V. and associate companies worldwide are captive customers. Says Moro: "At least initially, the new venture will cater to the large internal needs of Philips worldwide." With the assured market and the growing software needs of the global marketplace, the new venture is expected to break even at a turnover of Rs 5 crores and be able to post profits in three years. "We have projected an export revenue of Rs 12.20 crores for 1993-94," says Moro. The company will be developing software for a whole array of applications such as industrial and business automation which includes banking projects such as automated teller machines.

Moro is confident of success.

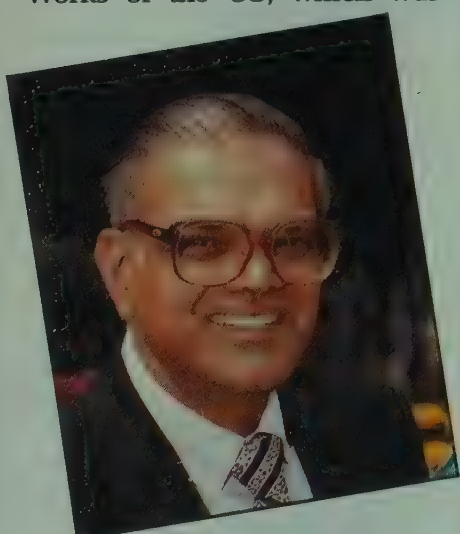
MORO IS QUALITY CONSCIOUS

With his track record he has reason to be; Moro was responsible for corporate automation at Philips' headquarters at Eindhoven (Holland) and is credited with having developed the multinational's worldwide network, the fifth largest private network in the world. Under him the new venture seems set to go places.

A GLASS EMPIRE

If at first you don't succeed you try again. That's what B.L. Kheruka, chairman of Borosil Glass Works, is doing with his sheet glass project.

Kheruka had taken up the project once before through the Calcutta-based Window Glass, in which he has a 70% stake. A company styled Gujarat Fusion Glass had been set up and the construction work had commenced. But then Corning Glass Works of the US, which was



KHERUKA IS TRYING AGAIN

supposed to provide the technology, failed to deliver. "By way of reparation," says Kheruka cagily, "there was a settlement."

While he does not spell out the details, the results are there for all to see. Corning, which had about 40% holding in Borosil, transferred it to Kheruka.

New project. Kheruka is now adding to his glass empire with Gujarat Window Glass, a Rs 46 crore project coming up at Ankleshwar (in fact, at the same site as the earlier project). There will be no foreign collaboration or technology tieups this time but Glass Engineering Holding of Belgium will be supplying the design drawings and technical specifications.

"One of our advantages is that we will be using natural gas as fuel," says Kheruka. "That will result in a lot of economies of scale."

He also does not expect any problems with marketing. "There is more than enough demand for sheet glass," he says.

Currently, says Kheruka, it's all systems go. The financial institutions have sanctioned the necessary loans, the capital goods clearance has been received and the other formalities are being complied with. The only hitch on the horizon is the unlikely fear that history may repeat itself. For Kheruka, however, it should be second time lucky.

GETTING A NEW LOOK

The National Airports Authority (NAA) has set its sights sky high. On 1 June, its fourth anniversary, the caretaker of all national aerodromes announced lofty plans to navigate the nation into the 21st century.

For starters, NAA's immediate task is to take up modernisation on a war footing at the country's busiest airports — Bombay and Delhi — at an estimated cost of Rs 293 crores. This is vital as air traffic is expected to grow at 12-15% annually. When the new projects are implemented, the NAA can safely handle almost three times the current number of aircraft at these aerodromes. "India will then be proud of having two of the best aerodromes in the world," says Kishu Teckchandani, NAA executive director (western region)

TECKCHANDANI: OPERATION FACELIFT

Gearing up. Speaking about the western region, Teckchandani says that Bombay airport is gearing up to keep pace with the hi-speed aircraft of the future. State-of-the-art technical blocks will be constructed at the present premises which will enable aircraft to circle before getting landing clearance at a distance of 30 km instead of immediately over the city at present. Also, from a single instrument-landing system at one runway, the future plans include four systems at four runways. These sophisticated systems will permit the landing of aircraft even under adverse weather conditions. In addition, computerised communication systems will replace antiquated teleprinters and a new 130 ft control tower will come up dwarfing the present 50 ft high control tower.

Besides Bombay the 25 other aerodromes in the western region will be given a facelift. Ahmedabad airport is already

dressing up to receive international flights from September. "Work on the new terminal building and extended runway is nearing completion," says Teckchandani. Other aerodromes are also being streamlined and updated.

New outfit. The NAA, which is a fairly new outfit, was set up as an autonomous body to cope with the increased air traffic, both domestic and international. While the International Airports Authority of India maintains the runways and terminal buildings at the international side of the aerodromes in Bombay, Delhi, Calcutta and Madras, the NAA's job is providing navigational facilities, controlling air traffic, radar and communication functions and managing administrative responsibilities at the airports. As an independent body it runs on a commercial basis, its income coming from landing charges. "This is our main source of income and the NAA collects Rs 70-89 crores annually," says Teckchandani. Other income is derived from leasing out hangers and charging Rs 10 per person as airport entry fee.

NAA made some money the first year but since then it has been running at a loss. And Teckchandani has a grouse. "Vayudoot owes us Rs 8 crores," he says. It should please harried air travellers to know that the airport authorities too have something to grouse about.

IRONING OUT GROWTH

It's forward diversification and rather a big leap forward at that. Two iron ore mine owners — S.K. Bhagat and S.K. Modi — have joined hands to promote a Rs 20 crore pig iron project in Bellary district of Karnataka. The vehicle: Uni Metal Ispat.

The plant is expected to go on stream within the next 18 months. Necessary applications have been made to the financial institutions, and approvals are awaited.

Best route. Uni Metal has signed up with Tata Korf Engineering Services for technology. The route chosen for pig iron manufacture: mini blast furnaces (MBFs). Says managing director Bhagat: "On investigating alternative pig iron manufacturing technologies available in countries such as China, the USSR and from Mecon, we found the MBF supplied by Tata Korf the best suited for Indian conditions."

BHAGAT & MODI (R) HAVE PIG IRON PLANS

The MBF of Uni Metal will run on coke rejects, available from the Visakhapatnam steel plant's coke-oven battery, and coke from Durgapur steel plant. Besides, carbon-fines (from Neyveli Lignite Corp) injection will further reduce the need for coke. "This is significant," says Bhagat, "because the country has to import high-grade coking coal for existing steel plants.

The Bellary venture has one more advantage: project cost per annual tonne for MBF is quite low compared with alternative pig iron manufacturing technologies. While it is only Rs 3,500 for MBF, the price averages around Rs 7,000 per annual tonne for other routes.

That isn't all. The government, says Bhagat, in its long-term steel policy has decided to phase out manufacture of merchant pig iron by large integrated steel plants. Instead, it has set up a task force under the department of steel to encourage and assist private entrepreneurs in making pig iron. With rising demand for castings both in the Indian and international markets, the demand for pig iron is also on the up and up.

Unmet demand. Bhagat places local demand at 2.2 million tonnes per annum (tpa) against a supply of only around 1.8 million tpa. That is why Bhagat feels that his project — capacity 60,000 tpa — will have no marketing problems. Further, with both he and Modi operating mines in the Bellary region, raw material should be no hassle.

For Bhagat, who manufactures induction furnaces in Hyderabad and Modi, who has interests in jute, the pig iron foray should signal their maturity as industrialists. They seem to have made the right choice too — they are striking the pig iron while it is hot.

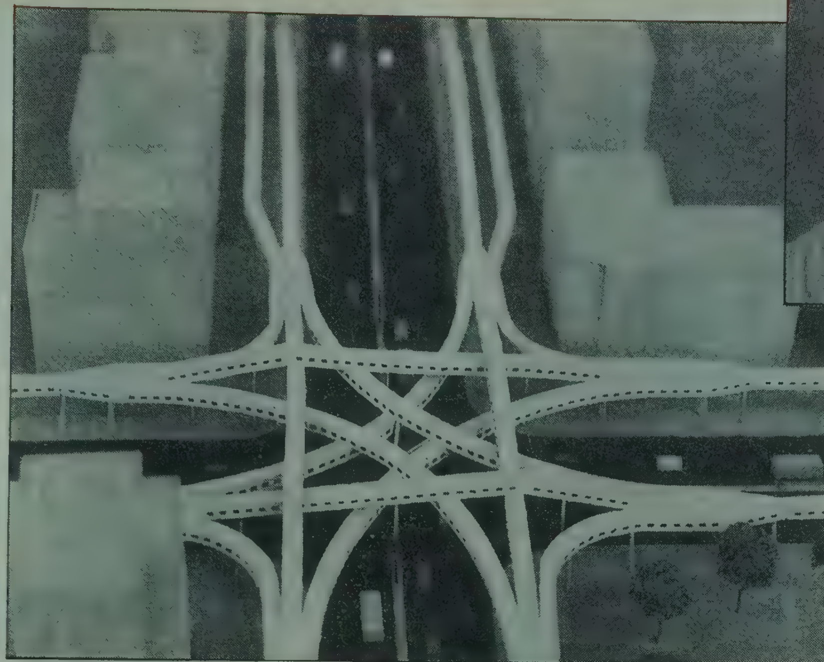
ROLLER-COASTER TRANSPORT

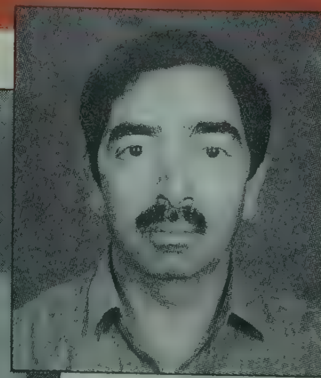
Innovation knows no boundaries. S.K. Chawla, the man who created Appu Ghar — the country's first amusement park — now has something more unique to offer to the country. He has conceptualised a rapid transport system, which he claims will be far cheaper than other modes of transport.

Chawla, a mechanical engineer, says that construction costs will be only Rs 3-4 crores per km compared to Rs 75-100 crores for comparable modes. Another major advantage of the Chawla system, for which he has acquired a patent, is that it can be constructed by building columns

without disturbing the existing road structure. And in a metropolitan city like Delhi the project can be completed in just five years, he claims.

According to Chawla, the project concept lies in developing a transport system on the lines of a roller-coaster. The system consists of a set of pipe tracks with rollers to act as the track with no fear of overturning or derailment.





A MODEL OF THE RAPID TRANSPORT SYSTEM. INSET: CHAWLA.

Within limits. The centre is actively considering a proposal to construct a 20 km partly overground and underground railway system in Delhi. The cost, last estimated in 1986, was Rs 1,500 crores. Chawla is confident that he can do the job his way in just Rs 70-80 crores and in three years time. In addition, the passenger carrying capacity will be much more.

"In case we consider this system for entire Delhi, which means about 100 km, the cost will be Rs 300-400 crores. It will be completed in five years, thereby requiring an allocation of Rs 60 crores per year, which is well within the limits," Chawla says confidently.

The enterprising Chawla is also busy setting up a dozen Appu Ghars all over the country with the rides designed and manufactured in India. If the rapid transport system idea also clicks with the government, Chawla and his colleagues will no doubt have an amusing time in the near future.

(Contributed by Parthasarathi Swami, Ashoke Laha, A.H. Ghani, Maya Rai Chaudhuri, N. Raghavan & P.L. Diwakar Rao.)

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THE COOPERATION HUMBUG

Off and on the third world or a part of it is seized by an "us" and "them" syndrome. It thereupon organises an international platform, spells out the problems its members share, speaks of "coordination," "annual summits," "action groups" and "steering committees" and adopts resolutions that produce, at least for the moment, a sense of collective identification. The rhetoric accompanying this exercise is much the same whether it is on behalf of the nonaligned movement (Nam), Saarc (South east Asian Association for Regional Cooperation) or G77 or the G15 or to its latest and smallest incarnation of G5. It is possible that in terms of a sharper perception of the problems they have in common or in promoting a more productive South-South relationship, these hopeful gatherings do serve a purpose.

Yet, it is necessary to ask whether in this rapidly opening out world, the third world concept and its various offshoots have begun to lose whatever relevance they might have had.

Nonalignment has lost much of its steam, obliging its members, including India, to go through the motions of affirming loyalty to a concept in which no one can now believe. Saarc has been no more than a platform on which India has plugged the "good neighbours" line. And it is these very neighbours who have exploited it solely to restrict or negate New Delhi's influence as the largest power in the region. What all these attempts at getting together in an implied defiance of the developed world have demonstrated is that there was no such thing as the third world. This world is so varied in its economies and cultures, so aligned in one way or another in bilateral relations with major powers, and so fractured by its own internal disputes that often the facade of a shared destiny has all but collapsed.

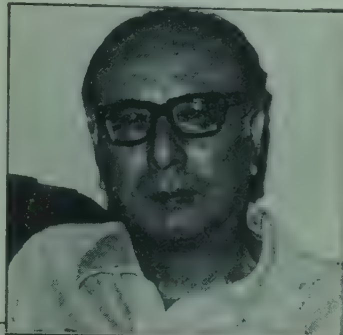
New Delhi is overburdened with opinions and is apt to ventilate them too often at get-togethers abroad. Is V.P. Singh about to do the same when problems confront him at home?

Yet, this failure to collapse has not hidden the reality for all to see, that these third world bids to institutionalise itself represent a view of the world which is obsolete and has been overtaken by events. Running through these meetings is an insistence that no one injects a discordant note into the proceedings or refers to a bilateral quarrel between any two of the participants.

Insofar as these conclaves have enabled third-world leaders at various levels to get to know each other and exchange ideas they have not been entirely without value. But the motives that have persuaded the third-world governments to appear on these platforms at a vast collective expenditure of time and money are deeply embedded in the third-world psyche. How often have India's representatives at these gatherings come home with the triumphant assurance that their "views found wide acceptance at the summit?"

Third-world countries are, by definition, countries bedevilled by a wide variety of internal problems. What better way of evading some of their consequences or deflecting attention from them than by organising third-world meetings the "achievements" of which each participating member can triumphantly bring home to bolster up his position there. Jawaharlal Nehru, of course, as a world figure had a built-in bias for foreign affairs and found the turmoil of internal issues distasteful. Indira exploited the Indian "standing" in world affairs and her acceptance as her father's daughter by appearing frequently on the world stage and third-world platforms. Rajiv Gandhi followed in the footsteps of his betters, enjoying the glamour and glitter of foreign appearances from which the hard substance of genuine gain was disproportionately small in relation to the attention they attracted.

From these excursions, it was possible to create the impression of achievement and this was a myth the mandarins of the external affairs ministry found in their interest to foster. Abroad, they pointedly take up positions at centre-stage and deliver marathon speeches and homilies in the style of Krishna Menon.



All of which is ego-tickling and satisfying but out of proportion with the modest clout India can deploy in the world's councils. The number and frequency of Rajiv Gandhi's trips abroad were noted in his time, and now after G5, V.P. Singh, assailed by a multiplicity of problems at home, is planning visits to the Maldives, Moscow, West Germany, France, the US and the UN. Possibly India has need to explain itself to the world community on various issues. Possibly there are other reasons to justify these trips. But one notes uneasily that they bear an offputting resemblance to the sort of empty theatre that third world countries have indulged in as a form of escapism and for which, in a rapidly changing world, there is now no place.

Among other things, it creates an atmosphere in which flattering references to India, its democracy, its position in south Asia, and its status in Nam are uncritically swallowed. It also obscures the point that achievement at home is what matters, and posturings on third-world platforms and international forums count for little or nothing. The Japanese ambassador in Delhi said more than he realised the other day when on the subject of Japan in search of a political role, he observed that India was a country "with an opinion" and Japan would like to be that also. In fact, New Delhi is overburdened with opinions and is apt to ventilate them too often in the glitter of get-togethers abroad. So the question remains whether, on the matter of trips abroad, V.P. Singh is about to do a Rajiv act and get away from the domestic headaches that refuse to disappear?

■ *N.J. Nanporia*

The author is a former editor of The Statesman *and* The Times of India.

DEBT AND HYPOCRISY

When prime minister V.P. Singh flew to Malaysia for the G-15 meeting of developing countries, he must have felt heartened at the echo of the debt-waiver moves at home in the call for debt write-off for developing countries. Malaysian prime minister Mahathir Bin Mohamad's impassioned plea to the developed nations to write off the debt of developing countries found many an enthusiastic supporter. India has supported such a cause over the years. But it is shocking that the hypocrisy and the immorality of it all do not disturb these leaders, and those in the developed countries who support such a call. This is more so because these leaders and intellectuals do not have a word of condemnation for those who have brought their countries to such a pass.

A debt is an obligation and a liability which is only taken by a reasonable person when there is a high probability of his being in a position to pay back. It is the use of value — whether money or material — against an obligation to pay out of future earnings. But when governments take a debt, they do so by mortgaging the earnings of the future generation. A debt is a tax on the citizens of tomorrow, when the present citizens have been burdened enough, or when it is unpalatable, politically, to tax citizens. A government borrows in the name of its citizens, and the implication is that it will raise the money by impounding more of the citizens' earnings.

Those developing nations, who have piled up debt mountains, borrowed money as if there were no tomorrow. But those who suspend reality find out sooner or later that they have to face it per force. The governments borrowed, and gave guarantees on borrowings, much beyond their capacities to repay. The money was squandered in wasteful projects, fanciful schemes and dead-end investments. There never was a chance that they could get a reasonable return. Those in power were not really concerned about that. Money was available in the market because of the foolishness of developed nations, or the myopic policies of the world's biggest bankers, and every leader who thought that more money would solve problems went out and brought home the billions.

When an individual takes a loan and fails to repay it, the law takes its course. Why, then, should nations be allowed to renege on commitments?

NO SOLUTION

Yet money in itself does not solve problems. A nation or an individual cannot live beyond its means under debt. The money devours those who do not know its meaning — that behind it is a value, whether goods or services, and that the value has to be added to; that something has to be produced before it can be consumed. The day of reckoning is never far off. The banker has to some day balance his books, because no banker or country can open up its coffers to unlimited borrowings and no one can finance unlimited consumption which does not have a promise of production.

But the developing nations did not want their own citizens to produce. Keeping them under a strict regime of economic and political controls, they went around hobnobbing with the world's bankers and the rich nations with begging bowls in hand. They got some help and some advice to borrow money at commercial rates. Those in the banking fraternity thought it wise to lend to governments, hoping that their money would be safe and the nations to whom they were lending would develop fast and thus be able to return them their money with interest.

On an individual level, when someone fails or refuses to return borrowed money, the law takes its course and the person finds himself or herself behind bars. But what happens when governments renege on their obligations? Of course, their chance of further borrowing diminishes, notwithstanding the large number of apologists who suddenly crop up suggesting that the tap should not be turned off, lest it hurts the developing nation. They, of course, have nothing to say about the leaders who had led the nation into such traps.

UNTENABLE ASSUMPTION

Look at the hypocritical mush that flows at the meetings of the developing nations about how the developed world needs to support the "development" efforts of the developing nations, ignoring that borrowing money is not a developmental effort. It is a burden on the nation's citizenry when there is no capacity to repay. And often one hears the totally untenable assumption mouthed by socialists of the Madhu Dandavate variety that, since the developed nations have developed at the expense of the developing countries, the rich nations owe it to the poorer ones to help them develop, even going to the extent of waiving of all the loans. Of course, the developed nations, they say, have no business to dictate what political or economic policies a borrower should follow.

One feature common to nations which have become heavily indebted, including those like India who are heading towards debt traps, is that the people reel under government-imposed controls. The citizens cannot really add any great deal to the productive forces which most often lie dormant, with the result that the economies of such countries are based on shortages and their fiscal situations lie in tatters. These same citizens, given the chance, would have brought about considerable change in their lives. The result would be that the government would not have to go to international institutions or banks for money.

■ *Hardev S. Sanotra*
The author is a Delhi-based financial journalist.

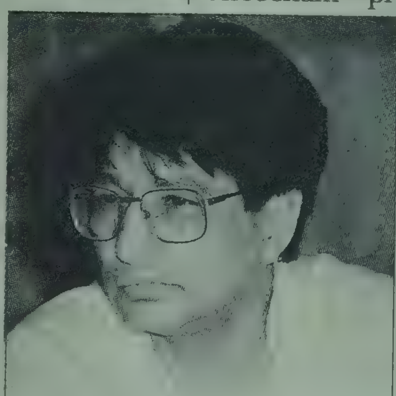
INDUSTRIAL POLICY

SMALL SUCCOUR

Small mercies. For those who had expected Union minister Ajit Singh's maiden industrial policy to be anything more than that, there was only disappointment. Almost all the liberalisation measures in the new policy related to the small and medium-sized sector. As far as big industry was concerned it was barren.

Singh himself has a defence for that though. Says he: "This is not a comprehensive and complete package. It's just the beginning of change." But bureaucrats admit that there was no way out. A frightening balance of payments (BoP) situation and the huge budget deficit perhaps didn't leave much latitude for the government.

Disappointment. For big industry, that translates into disappointment. After a recent meeting with prime minister V.P. Singh, the big lobby represented by Ficci, Assocham, CEI and others had been in high spirits expecting major changes which would benefit large-scale units. But nothing of that sort happened. Indeed, highly-placed sources confirm that big industry will have to wait some time more — perhaps till after the 1991 budget when specific liberalisation measures for big business may be implemented.



AJIT SINGH: DISAPPOINTING THE BIG

The reasons for phased liberalisation are several. For starters, consider the V.P. Singh government's priorities. With political problems taking up most of its time, it's not surprising that the focus on industry is not that sharp. Add to that high-level bureaucratic reshuffles — a process which is still on — and it's quite clear why policy formulations have been delayed.

But such compulsions apart, there are other factors: take the measures in the Exim policy announced earlier this year. Perhaps the government would like to wait and watch its effect before announcing more measures for big industry. Says industry secretary Amarnath N. Verma: "We will monitor amd watch. Further liberalisation will be ushered in (depending) on the progress achieved and it will be based on a trust basis."

But though big business has little to be bullish about, there are aspects of the new industrial policy which are welcome. Streamlining of policies, for example. Says Verma: "The ugly face of bureaucracy will not be there. The scope for interpretation will be considerably reduced." Verma is enthusiastic but the real test will be whether the well-entrenched bureaucracy takes kindly to such moves.

Some pats. But even big industry has some pats for the new policy. Says Raunaq Singh, president of Ficci: "The automatic licensing and approvals within 30 days helps." Others have welcomed the pro-small and pro-medium sops. Says Viren Shah, Assocham president: "The policy changes for small and ancillary units as well as locational policies are welcome."

Probably one of the most acclaimed moves was the automatic clearance facility for medium-sized units where foreign equity participation is up to 40%. Clearance becomes automatic only if the landed cost of imported capital goods doesn't exceed 30% of the value of the project's plant and machinery. According to Ajit Singh, as much as 60-65% of the foreign equity proposals would now get automatically okayed.

That's disputed. And the proposal for automatic clearance of technology transfers also has a catch. The precondition for automatic clearance says lumpsum payments should not be involved in tech-transfer deals. The trouble is more than 70% of tech-transfer deals involve lumpsum payments.

But, despite the wrinkles and blemishes, there's been an attempt at streamlining. And that's something. A small step forward?

■ *George Skaria*

MARUTI 1000

BLACK DEALS

Even before the first privately-owned Maruti 1000 has hit the road, it has become a moneyspinner. First, the touts lined their pockets by selling application forms for allotment at a premium of Rs 100. Then the company, Maruti Udyog Ltd, collected a cool Rs 625 crores (Rs 25,000 each from 2.5 lakh applications) for about three months.

Now it's the touts' turn to line their inside pockets again, this time by starting a black market in allotment letters. Over the last month, newspapers have been awash with classified ads soliciting Maruti 1000 allotment letters. Says a leading Bombay-based auto dealer: "There's a rush from those wanting to be the first few to own a Maruti 1000 to grab allotment letters."

The allotment letters attract a premium depending on their allotment number. For the lucky few who've got an early allotment number (within 200), there could be as much as Rs 1.50 lakhs for the asking should they decide to part with their allotments. "I've managed to close quite some deals," says an agent.

Not surprising. That the blackmarket has come up is not surprising, but it sure puts paid to MUL's CMD R.C. Bhargava's rationale behind pricing the Maruti 1000 at above Rs 3 lakhs (after all levies). "At this price, I don't see any black marketers getting into the act," Bhargava had said last year.

But they have now. When contacted regarding the allotment letter premium, Bhargava had just returned from Japan. Said he in a telephonic interview: "Compared to the black market rate on allotment letters for the Maruti 800 which was about 140% of the price, the Maruti 1000 is attracting only a 35-45% premium."

When the cars are allotted, the first few owners will not be the ones who had bagged the right to buy the car. Did they ever want to in the first place?

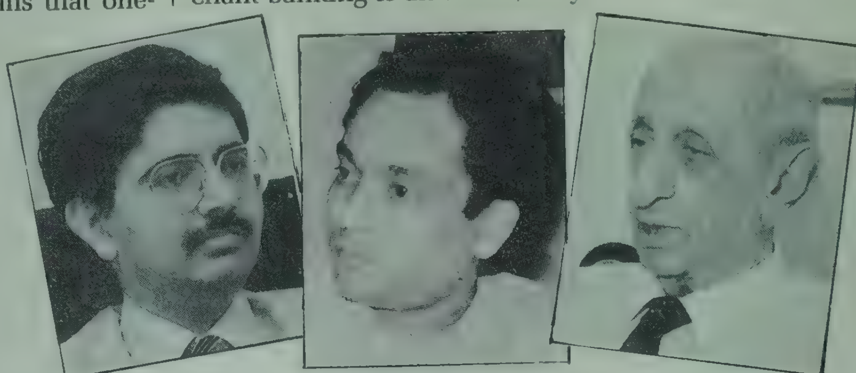
■ *Anil Wanvari*

MERCHANT BANKING

TAKING THE WRONG LINE

Small is not beautiful, not in merchant banking. As the implications of the fresh set of guidelines for the fraternity begin to seep in, the second division players are finding their survival threatened. The initial murmurs are building up to a crescendo. "The guidelines will help foreclose the entry of specialised but small merchant bankers like us," says Gopal Rajagopalan of Bombay-based Synergy Consultants.

The part of the new finance ministry regulations which has been raising hackles is the capital adequacy clause. This mandates that a merchant banker must have a minimum net worth of Rs 1 crore to be eligible for authorisation by the Securities and Exchange Board of India (Sebi). This means that one-man shops run by professionals may have to close down. C. Subramaniam, director of Bombay-based Mani Management Consultants, is one such professional. "These guidelines will help perpetuate the rich merchant bankers' club culture," says he.



(L TO R) KOTAK, RAJAGOPALAN & PANDAY: CRYING FOUL

Moreover, restricting the number of merchant bankers to a maximum of four for issues over Rs 100 crores smacks of favouritism towards the public sector players. Big does not always translate into success. The debenture issue of Usha Rectifier is an example. The issue was managed by 20 big names in merchant banking, besides six co-managers and nine advisors. It flopped.

Others find the new norms a bit amusing. The reason: the guidelines recognise the book value of assets and not their market value. "What about guys who have inherited their fathers' firms and are doing well now, but do not have a net worth of a crore in their books," asks Shitin Desai of DSP Financial Consultants.

Besides, the Rs 1 crore figure is unrealistic. A share broker, for instance, has larger risks and responsibilities, but operates comfortably today with a net worth of about Rs 20 lakhs. Says Vallabh Bhansali of Enam Financial Consultants: "The prescribed net worth is too high."

Understandable ruckus. Add to this offending clause the glaring absurdities of the guidelines and the ruckus is understandable. Endorses Limjee Panday of LKP Merchant Financing and president of the Stockbrokers and Underwriters' Association: "I am yet to come across a more absurd piece of legislation." One such absurdity is that under the head 'authorised activities of merchant bankers,' the guidelines lists nothing more than issue-related activities. (The sole exception is portfolio management.) "Issue management is not what merchant banking is all about," says M.D. Mukhi of Batlivala and Karani, a Bombay-based merchant banking firm.

Mukhi has a point as merchant banking includes bill discounting, lease financing, arranging working capital limits and mergers and acquisitions. Says A.P. Rao, managing director of Canfina: "The authorised activities should have at least included project appraisal and financing, if not project underwriting." It could be, however, that the need to protect investors has weighed heavily on the framers, thus restricting the guidelines to capital issues.

Following-up responsibility. What adds weight to this impression is that merchant bankers have also been made responsible for follow-up action such as ensuring timely allotment, and refunding excess application money. It is true that investors need protection, but the responsibility has been put on the wrong horse. Allotment and refunding largely depend on how the company cooperates with the bankers and stock exchanges and the promptness in bankers' advices. Asks Panday of the underwriters' association: "How are we responsible for their actions?"

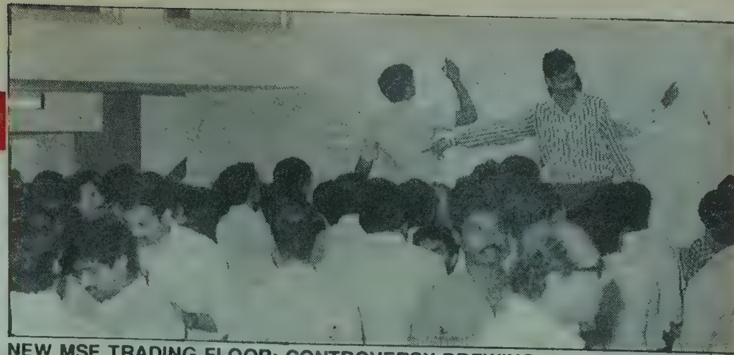
The issues not addressed by the guidelines are conspicuous. One of them is whether merchant bankers are responsible for mis-statements in the prospectus. The guidelines just state that merchant bankers shall exercise due diligence in verifying the contents of the prospectus and give a certificate to that effect to Sebi. Unless the merchant bankers are asked to sign the prospectus and made responsible for the contents, all these guidelines will just be hot air. "The attempt should have been to make the merchant bankers involved in an issue through and through, even as market makers or stakeholders in the issue. Otherwise, merchant banking will not get high net worth players with greater depth," says Uday Kotak, managing director of Kotak Mahindra, a Bombay-based merchant banking firm. Adds Bhupen Dalal of Champaklal Investment and Financial Consultancy: "Had licensing been included and penalties, monetary and otherwise, prescribed, half the names in the prospectus of Usha Rectifier would not have been there."

Nor would the culprits have got back into circulation, as happened in the case of Vallabh Glass Works. The company defaulted in the payment of intercorporate deposits of Rs 30 crores, arranged by big names in the business. When even bank guarantees were not honoured, where is the security for the investors? The new guidelines are thus destined to join Sebi as toothless efforts to protect the investor. The difference this time is that there might be a few merchant banking corpses left in the wake.

■ *A.H. Ghani*

MSE

NUMBERS GAME



NEW MSE TRADING FLOOR: CONTROVERSY BREWING

It had all the trappings of being a fiery extraordinary general meeting (EGM), but it ended with not as much as a whimper. An EGM convened by the Madras stock exchange (MSE) on 31 May to raise the membership of the exchange from the present 200 to 500 and also hike the entry fee for new members closed on an anticlimatic note when MSE president V.K. Padmanabhan stumped members spoiling for a fight by withdrawing all the resolutions on the agenda.

The membership issue has been brewing for some time. A government directive states that the MSE should increase its membership from 200, which its articles permit, to 300. This directive has raised so much heat that MSE had to backtrack at the EGM. "We want to have a fresh look at these resolutions so that a broad consensus is arrived at before a decision is taken," says Padmanabhan.

That is easier said than done as the prevalent opinion among a large section of brokers is against a hike in membership. They say the infrastructure is inadequate and business is not growing sufficiently to warrant it. Currently, however, opinion is veering around to adding 20 new members a year. "We don't want to have a closed club," says Padmanabhan.

A hitch. The other hitch is the entry fee amount. The nine-member MSE council is split over the move to hike the entry fee for new members from Rs 25,000 to Rs 50,000. A few of the council members are in favour of hiking the fee to a stiff Rs 2.5 lakhs. Seeing the kind of response a recent card auction of the MSE had, with each card fetching over Rs 5 lakhs, it is not an unrealistic amount. Some members were planning to get the fee hiked to Rs 2.5 lakhs at the EGM through a voice vote. But this would have been a material alteration of the resolution which stated that the entry fee was to be hiked to Rs 50,000. Thus the council wisely decided to withdraw this resolution too.

But is there really a case for hiking the membership so drastically? Opinions differ. Some brokers feel that Madras being a cash market, it does not have the infrastructural capability to handle 100 more members. Others, like Padmanabhan, want the members first and the infrastructure, they say, will follow. And the MSE has been growing. From a mere 35 members in 1980 it has swelled to 169 as of now. Volumes have also been rising — from Rs 176 crores a year in 1987 to Rs 261 crores in 1989. "But," argues a young broker, "this is peanuts when you compare it to Bombay and Cochin." His fear is that more players will mean a lot less per person. The smaller fry will be squeezed out.

That's debateable. And there is unlikely to be an end to the heated debate very soon.

■ *Vinay Kamath*

Industrial Credit & Development Syndicate Limited

REGD. OFFICE: SYNDICATE HOUSE, MANIPAL - 576 119

Unaudited results for the half year ended 31-3-1990

Rs. in lakhs

	For six months ended 31-3-1990	For the year ended 31-3-1990	Comparative eight months ended 31-3-1989
H.P. Finance Charges	618.67	1,143.24	577.21
Lease Rentals	244.87	426.37	200.68
Interest on Loans and Advances	190.27	330.10	189.51
Other Income	100.74	222.55	46.07
	1,154.55	2,122.26	1,013.47
Operating Expenses	214.62	344.26	147.37
Finance Charges	599.28	1,121.07	547.01
Profit before Depreciation	340.65	656.93	319.09
Depreciation	161.68	254.19	93.55
Taxation	30.00	70.00	59.00
Net profit after tax	148.97	332.74	166.54

T. Ramesh U. Pai

Chairman & Managing Director

MANIPAL ADS/ICDS/9005F

NEWS BRIEFS

■ The failure of the ministry of surface transport to amend the **Cabotage Act** is causing an annual loss of $ 50 million to the country on transhipment account, according to a report in the *Financial Express*.

■ Production figures for the **television industry** from 28 February 1989 to 13 March 1990 show a 20.5% and 11.5% **drop** in colour and black & white TV output when compared to the corresponding figures of the previous year.

■ The government has decided to withdraw the minimum export price (**MEP**) on psyllium husk (isabgol), for which India is virtually a monopoly supplier. Exported to countries mainly in the West, this commodity's **annual exports** are worth Rs 40 crores.

■ Exports of **dyes** and **dye intermediates** have missed the target for the first time in the last five years. During 1989-90, exports were less than Rs 600 crores against a target of Rs 665 crores.

■ The union minister for chemicals and petrochemicals, M.S. Gurupadaswamy, has prepared a draft of amendments to the **Drug (Prices Control) Order 1987**, which would raise the number of bulk drugs under price control from 145 to 310.

■ The Union government has amended **clause 40** of the listing agreement of the stock exchanges and brought down the **cutoff point** for disclosure of shareholding from the present 25% to 5%.

■ Exports of **oilseed derivatives** have touched Rs 1,000 crores in 1989-90 against which imports of edible oil during the period have been confined to Rs 260 crores, thereby providing for a net forex surplus of Rs 740 crores.

■ India is to **import** 2.5 million tonnes of **crude oil** from **Iraq** during 1990-91. About 35% ($85 million) of this import bill will be adjusted against outstanding dues Iraq owes to various Indian public and private sector companies.

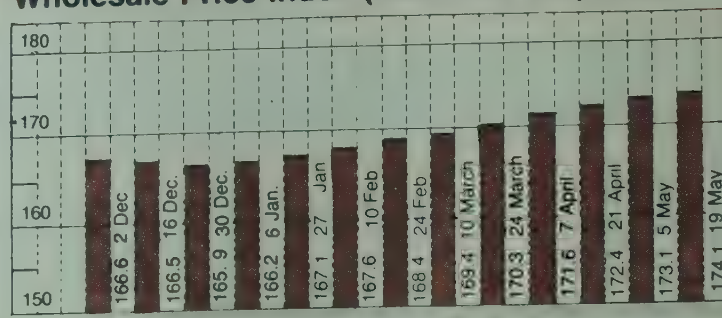
■ 100 more **desalination plants** are to be set up as part of the technology mission for drinking water.

■ The **Maharashtra** government is thinking of setting up an **electronic component zone** at an investment of Rs 200 crores. Three sites — Thane, Aurangabad and Pune — have been shortlisted for this purpose.

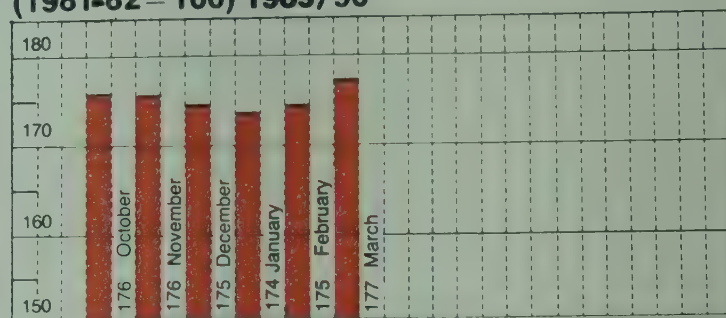
Foreign Exchange Rates (Spot) 1990

	4 June (Rs)
One P. Sterling	29.20
One US Dollar	17.40
One D.Mark	10.22
One hundred J.Yen	11.40
One Saudi Riyal	4.60
One Kuwaiti Dinar	59.18

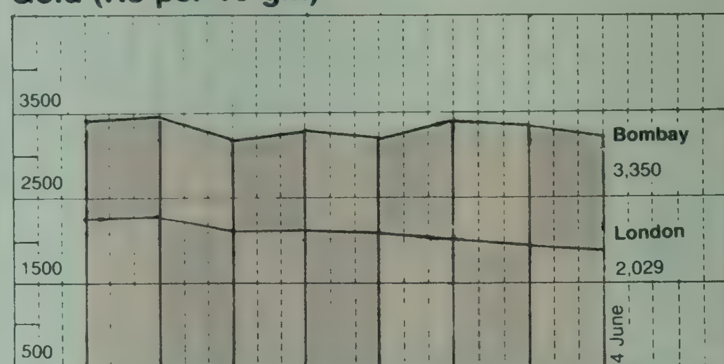
Wholesale Price Index (1981-82=100) 1990



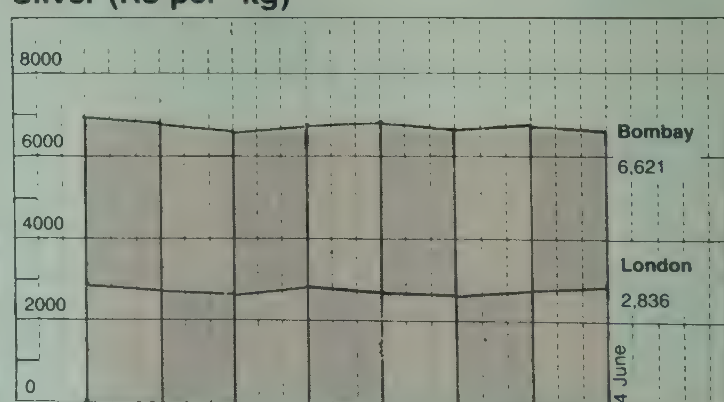
Consumer Price Index for Industrial Workers (1981-82=100) 1989/90



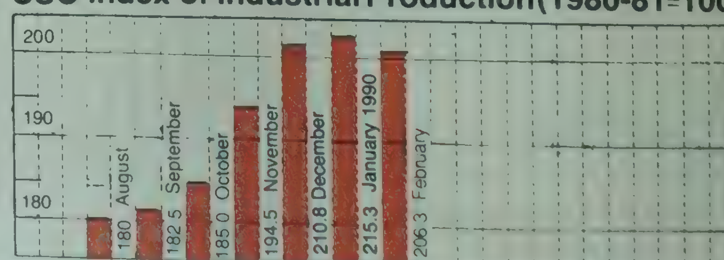
Gold (Rs per 10 gm)



Silver (Rs per kg)



CSO Index of Industrial Production (1980-81=100)



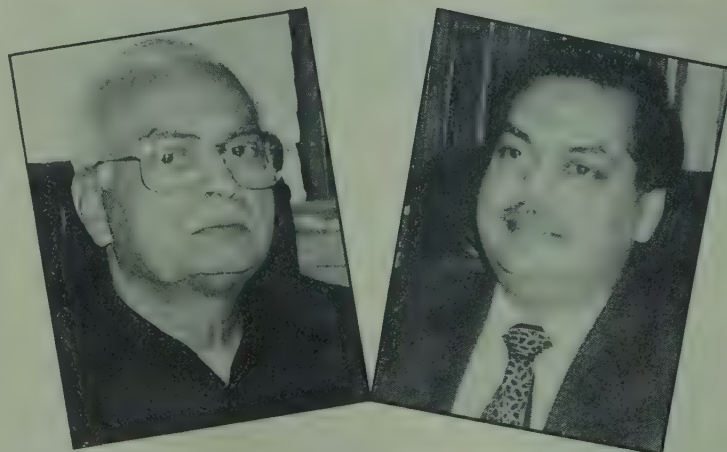
RATHI ALLOYS GETS BACK ON TRACK

Just three years back the company was floundering. Profitability had plummetted and the future seemed bleak. But three years down the line, that story's changed. And the Delhi-based Rathi Alloys & Steel has achieved a turnaround. Take figures for starters. In 1986-87, on a turnover of Rs 73.11 crores, the company earned a piffling Rs 27 lakhs as net profit. Only three years later, the figures look impressive. In 1989-90, Rathi Alloys has notched up a net profit of Rs 4.10 crores on sales of Rs 111 crores.

The percentages are more articulate. Spectacular, in fact. Three years back, net profit was just 0.39% of the total turnover. This year the figure's 3.70%, a more than nine-fold increase. And all because of an experiment: by reducing the amount of nickel in the stainless steel the company produces, Rathi Alloys has been able to boost its margins. Says chairman and managing director C.R. Rathi: "Most of our stainless steel production has between 2.5 and 3.5% of nickel, while the industry's average is around 5%." Lower use of nickel, claims Rathi, lowers production costs without affecting quality. That's not all. It also helps save precious foreign exchange by reducing nickel imports.

Expansion drive. Rathi Alloys, which is one of the leading Tor steel and billets manufacturers in north India, is now on an expansion drive. Already, the company has expanded its alloys production capacities and tied up with Sumitomo Metal Industries of Japan for producing stainless steel. More plans are in the offing.

But despite the turnaround, the company's balance-sheet doesn't quite reflect the higher profitability. Perhaps that's because of changes in computing depreciation from the straight line method to the written down value method. Thus, Rathi Alloys, which made a net profit of Rs 2.02 crores in the nine-month financial period ending 31 March 1989, earned that amount after providing a whopping depreciation of Rs 5.75 crores. Not only that. Of that amount, as much as Rs 4.01 crores was for earlier years.



C.R. RATHI (L) & RAJESH RATHI ARE BULLISH

Balance-sheets don't say all, though. On the cards is Rathi Alloys' Rs 80 crore investment plan. Coming up is a 1 lakh tonne per annum (tpa) hot strip mill at the company's existing Alwar plant. In fact, the company had originally planned for a capacity of 40,000 tonnes and had even tied up finance for this amounting to Rs 34.50 crores, but then a decision was taken to hike the capacity to one lakh tonnes.

Cost savings. "We decided to enhance the capacity midway because of economies of scale and also because we were getting the main plant at quite a low price," explains Rathi. The company is importing a seven-year-old second hand plant at a cost of Rs 34 crores. The company claims that a brand new plant of the same capacity at today's prices would not cost less than Rs 200 crores. "This substantial capacity cost savings will boost the profitability of the company in later years," says Rajesh Rathi, vice-chairman and joint managing director.

Besides the hot strip mill, Rathi Alloys is also modernising its existing 25 tonne electric arc furnace by installing the latest water-cooled panels. An oxygen top and bottom-blown (OTB) convertor for its alloy plant is also being installed with knowhow from Leybold AG of West Germany. The total outlay for these projects is expected to be around Rs 83.50 crores of which Rs 34.40 crores has already been tied up with leading financial institutions. The remaining Rs 49 crores is to be raised by issuing convertible debentures both on a rights and public basis.

The Rathis are bullish about the future. Turnover is projected to touch Rs 268 crores by 1992-93, with a gross profit of Rs 33.54 crores and net profit of Rs 13.17 crores. "The real jump in the bottomline will be felt only after three years when the full impact of the current expansion plans will be felt," claims C.R. Rathi.

Net growth areas. And if one chain of expansions is under implementation, another chain is on the anvil. Future growth areas have been identified. Rathi Alloys has plans to manufacture seamless tubes for the Oil & Natural Gas Commission, steel sheets for LPG cylinders and electrical grade steel. "There's a demand-supply gap in all these areas, which is being met by imports at present," says Rajesh Rathi. After bouncing back from dark days, Rathi Alloys is all set to make new waves.

■ *Shashi Shekhar*

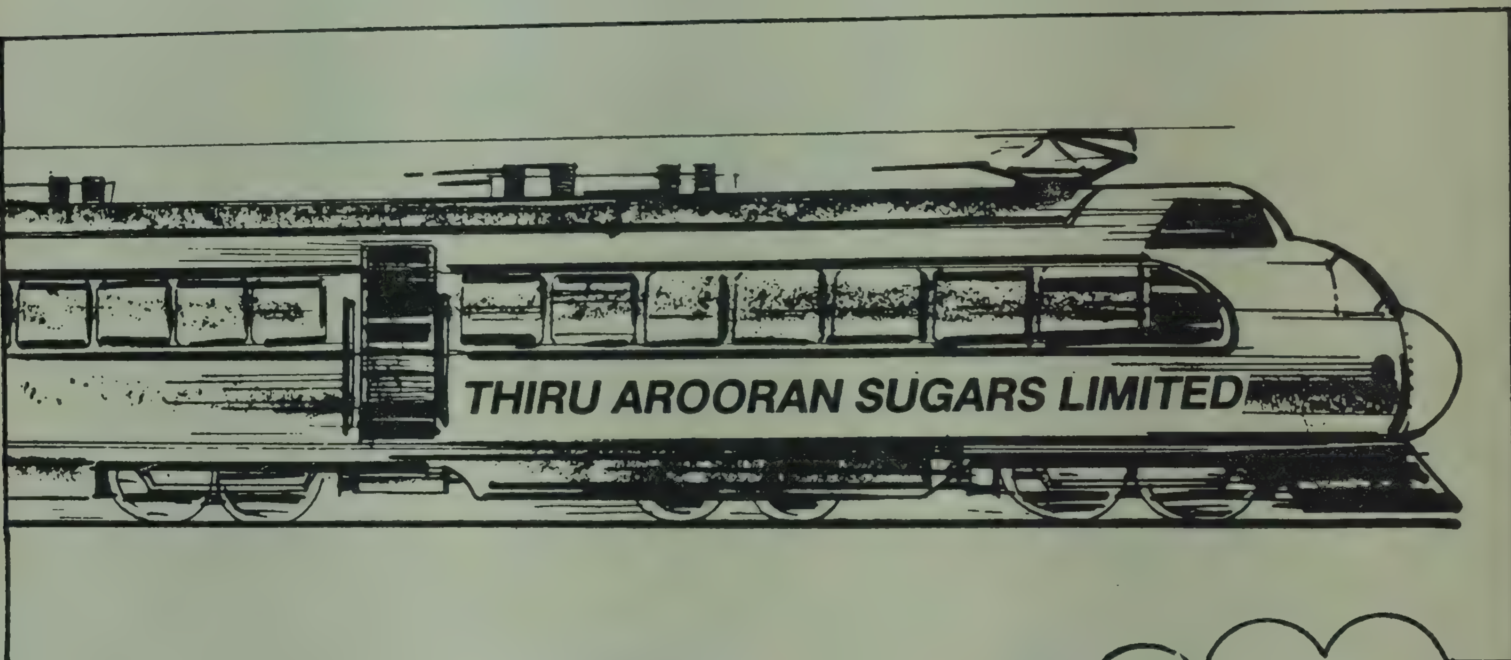
FINANCIAL PERFORMANCE AND PROJECTIONS

(Rs crores)

	1986-87	1987-88	1988-89 (9 months)	1989-90 (unaudited)	1990-91	1991-92	1992-93
Sales	73.11	86.28	82.25	111.00	128.00	209.00	268.0
Gross profit	1.97	9.98	9.67	8.90	10.78	22.27	33.54
Net profit	0.27	8.13	2.02	4.10	4.20	5.51	13.17
Equity	2.88	2.88	2.88	2.88	5.76	—	—
Reserves	4.36	11.78	12.93	—	—	—	—
Gross profit/sales (%)	2.69	11.57	11.76	8.02	8.42	10.66	12.51

Note: Equity base would double in 1990-91 following a bonus issue already declared. Future equity would depend upon the premium on convertible debentures to be issued.

Here comes The Sugarland Express



A PREMIUM EQUITY ISSUE

- **EPS Rs. 36.55**
- **Dividend 25%**
- **Dividend Cover 14.6 times**
  (8 months ended Nov. 30, 1989)

Public Issue of 14,25,000 Equity Shares of Rs. 10/- each for cash at a premium of Rs. 15/- per share

ISSUE OPENS: JULY 10, 1990

Destination: Stock Market

Thiru Arooran Sugars Limited, a profitable sugar producing company in Tamil Nadu, can truly claim to be The Sugarland Express, given its track record in recent years.

The Company, which has been closely held since its inception, is now going public.

The first plant established by the Company in the fifties, in the fertile district of Thanjavur, has today a crushing capacity of 2000 tonnes of cane per day. This plant has been continually modernised during the eighties, resulting in highly efficient operation. Equal emphasis has also been given to cane development, resulting in increased availability and improved quality of cane. The twin focus on modernisation and cane development has enabled this plant to achieve a creditable level of capacity utilisation as high as 130%, and also 4 successive years of record sugar production - increasing from 24316 tonnes in 1984-85 to 42923 tonnes in 1988-89.

This excellent performance has brought rich rewards to the Company's shareholders. An aggregate dividend of Rs. 16.83 for every share of Rs. 10.00 has been paid during the last 5 years, yielding an average annual return of more than 33% by way of dividends alone. The annualised rate of the last dividend, 37.5%, is one of the highest in the industry. Yet even this substantial dividend is covered more than 14 times by profit after tax. What's more, the shareholders have been further rewarded with two handsome bonus issues of 1:1 in 1988 and 15:4 in 1990. Even if the latest bonus is taken into account, the annualised earnings for the period ended November 30, 1989 portrays a healthy EPS of Rs. 11.54.

Such gratifying results have spurred the Company to set up another modern sugar plant of 2500 TCD capacity, at a cost of Rs. 25.9 crores. This plant, also located in Thanjavur District, and already commissioned, incorporates state-of-the-art technology. This includes, for the first time in India, the original self-setting mills developed by Fives Cail Babcock of France, which are world renowned for higher extraction. The plant incorporates a high pressure boiler generating steam at 600 psi, resulting in substantial savings of bagasse. The Company proposes to utilise this bagasse for cogeneration of surplus power which will be tapped for other projects under consideration.

To part finance this new plant, the Company is entering the capital market.

Yes, there couldn't be a better opportunity to secure a berth aboard The Sugarland Express.

HIGHLIGHTS

- Well-established company of over 30 years' standing and experience in the Sugar industry
- 4 successive years of Record Sugar Production—Operating at over 100% capacity utilisation
- Average annual return of 33% by way of dividends during the last 5 financial years
- Bonus Issues in 1988 and 1990
- Both Sugar Plants have assured abundant availability of quality sugarcane in Thanjavur District, Tamil Nadu
- No gestation—New Plant has already gone into production
- New Plant costing Rs. 25.9 crores, financed with a relatively low increase in equity base of only **Rs. 142.5** lakhs
- Special Incentive of 90 to 93% free sale quota for new Plant for 7 years guarantees even higher profitability
- Easy liquidity—Initial listing on the Madras and Bombay Stock Exchanges

Note: The Company will allot the Equity Shares after 90% subscription is received in conformity with the Government guidelines.

THIRU AROORAN SUGARS LIMITED

Regd. Office: 'Eldorado', 5th Floor, 112 Nungambakkam High Road, Madras-600 034.

The Sugarland Express

Concept

THE RED-METAL TURNAROUND

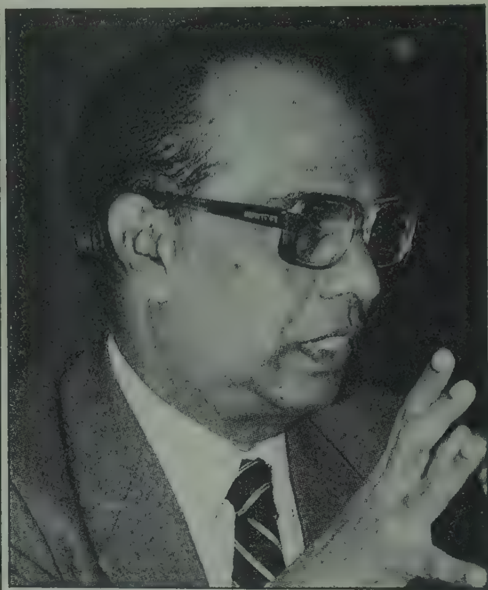
Five divided by 1,152 is a tiny fraction. Nevertheless, it's large enough to gladden the hearts of Hindustan Copper chairman and managing director P.V. Venkatesan and his colleagues. In financial year 1989-90, this public sector company's eight copper mines in Bihar, Madhya Pradesh, Rajasthan and Maharashtra, blessed with 1,152 million tonnes of reserves, yielded 5.1 million tonnes of ore (and 41,179 tonnes of refined copper in turn), enabling the company to earn a net profit of Rs 45 crores.

Till well into the eighties, Hindustan Copper was a typical public sector white elephant: expensive to maintain, low in productivity. By 1987, accumulated losses had mounted to Rs 155 crores. Since then, thanks largely to a concerted productivity increase, two-thirds of this loss has been wiped out. (Refined copper production per man-year employed rose from 1.33 to 1.7 tonnes, while ore production upped from 178 to 210 tonnes between 1987 and 1990.) "At the end of the current financial year, I hope to erase the red ink in our account books," says Venkatesan.

Yawning gap. But that's hardly going to be a laurel worth resting on. The annual domestic demand for copper at present is around 130,000 tonnes; the gap between demand and indigenous supply is yawning — and costs a lot of foreign exchange to bridge. Worse, by 1995, the demand level is expected to go up to 250,000 tonnes per annum. Clearly, unless Hindustan Copper launches a crash programme to increase copper output, user industries (electrical and transportation, mainly) will suffer badly.

Fortunately, this is exactly what the company is working towards. Venkatesan explains that the blueprinted plans cover both medium and long-term perspectives. Last August, Robertson Research Australia (RRA) submitted a detailed report examining the feasibility of further exploration in the Singhbhum copper belt in Bihar. Acting on RRA's recommendations, Hindustan Copper has submitted to the Union government a Rs 220 crore project proposal for producing 1.5 million tonnes per annum (tpa) of copper concentrate. This is now awaiting Central clearance. When executed, the project will yield an additional 15,000 tonnes of copper.

In the longer run, steps are being taken to open a ninth copper complex at Malanjkhand (Madhya Pradesh). Hindustan Copper technocrats explain that the intensity of mineralisation at Malanjkhand is very high: 440,000 metres of ore per metre depth persisting down to a vertical depth of 600 metres from the surface. "The host rock is



VENKATESAN IS LOOKING AHEAD

granite within which quartz veins containing copper occur, the dip of the vein being 65°-70°. Granite being hard rock, the conditions are ideal for underground mining. The high dip of the formation will yield flexibility to utilise highly productive mining methods," they explain.

As a first step, the company has commissioned Bishimetal Exploration Corporation of Japan to undertake a detailed feasibility study for assessing ore resources and examining the scope of constructing a mining complex-cum-metallurgical facility at Malanjkhand. The project will be a gigantic one costing at least Rs 1,500 crores, and ought to yield 80,000 tpa of the red metal. Bishimetal's report will be ready by the end of 1991; and with a little bit of luck, spadework at Malanjkhand will begin within the current Eighth Plan.

New exercise. Apart from these two major prospective projects, Hindustan Copper is currently busy with a Rs 51 crore debottlenecking and modernisation exercise. One downstream project was completed last March: a 60,000 tpa continuous cast copper wire rod plant at Taloja (Maharashtra) applying the world renowned Southwire technology (SCR-2000) of the US. Incidentally, the plant uses natural gas as fuel. "Our high-quality copper rods are now available to Indian customers," notes Venkatesan.

Increasing copper metal and derivatives production is one aspect of Venkatesan's corporate priorities. The other is to improve the quality of the metal. This is where modernisation is slated to contribute. Oxygen will be enriched in the flash smelter and convertor, the upgraded tank house will reduce co-deposition of impurities during refining while cathode washing facilities will also stand improved.

He rues the fact that the Indian ore is one of the poorest in the world, containing very little by way of associated metals. "One-third of our sales revenue (1989-90: Rs 461 crores) should come from associated metals like gold, silver, nickel, molybdenum and palladium. But because Indian ore is not so endowed, our cost of production is high and additional revenue small," says Venkatesan. Last year, for instance, Hindustan Copper produced only 101 kg of gold and 954 kg of silver.

Once its several expansion plans bear fruit, Hindustan Copper is bound to shed its somewhat lacklustre present image and emerge as one of the forerunners in the non-ferrous metals core sector. In 1980-81, when the past decade began, the company had made a loss of Rs 11 crores on sales of Rs 91 crores. Today, as the nineties begin, the picture is very different indeed.

If India's sole copper producer can now capitalise on its new-found financial and operating strengths and bring the country substantially near self-sufficiency, a laurel of true worth will have been won.

■ *Sujoy Gupta*

NEW RELEASE

■ Dubai-based **Skyline Advertising** has released a 410 page business directory which contains information on the Indian business community and NRI professionals based in the United Arab Emirates and the Sultanate of Oman.

A third edition is planned for 1992 and will cover the UAE, Sultanate of Oman, Bahrain, Qatar, Kuwait and Saudi Arabia. For further details, contact: Skyline Advertising, P.O. Box 13021, Dubai, UAE. Tel 235225/6.

EVENT

■ The **Xavier Institute of Management**, Bombay, has organised a 10 day advance programme for investors in securities from 18-22 June and 25-29 June 1990. The objective is to impart an understanding of the stockmarket and a guide for investing in securities. Contact: J.D. Tripathi & Associates, Management Consultants, Suryakiron, Bhaidas Path, Near Kemp's Corner, Bombay 400036. Tel 8221899.

NEW PRODUCT

■ The National Nippo Electronic rice cooker was launched last month in Bombay by **Indo Matsushita Appliances Co.**

NEW SERVICE

■ From June 1990, **Alitalia Airlines** will operate an Airbus A300 between Bombay and Rome with a stopover at Dubai. The flight leaves Bombay on Tuesdays and Fridays.

TIEUPS

■ **Sybase Inc** has tied up with HCL America, the US subsidiary of HCL to market the Sybase relational database management system in Southeast Asia.

■ **Technical Book Syndicate** has tied up with Blackwell Scientific Publications, London, for books on garment manufacturing.

NEWS BRIEFS

■ **ONGC** has fixed its investment outlay for 1990-91 at Rs 2,672 crores. With this, ONGC hopes to achieve a crude oil production target of 33 million tonnes and 27.2 million cubic metres of gas per day.

■ Fertilisers & Chemicals Travancore (**Fact**) has received the first stage clearance for a Rs 117 crore project to expand capacity in phase II at its Cochin division. This envisages increasing NP fertiliser capacity from 4 lakh tonnes to 5.25 lakh tonnes.

■ Ferro Alloys Corp (**Facor**) has decided to set up a captive power plant at its Shreeramnagar unit to overcome the acute power shortage in Andhra Pradesh.

■ The second production module at the sponge iron plant of **Essar Gujarat** is scheduled to go on stream in early July. The plant will then produce a record 8.8 lakh tonnes of hot briquetted sponge iron (HBI) per annum.

■ The Gas Authority of India Ltd (**Gail**) has proposed that **Reliance Industries** should not use natural gas liquids for its cracker at Hazira, but switch over to C2 and C3 fractions instead.

■ ICICI has approved the merger of Furmanite Nicco Ltd (**FNL**) with National Insulated Cable Co of India (**Nicco**).

■ The export-oriented unit set up by **Kirloskar Cummins** is to go on stream soon. The company hopes to increase its export turnover to Rs 500 crores in the next five years.

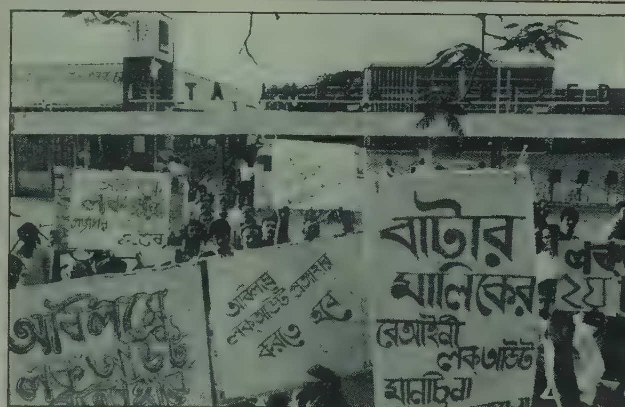
■ The **Bhilwara group** has decided to merge Bhilwara Viking Petroleum with Hindustan ElectroGraphites.

■ **Hindustan Ciba-Geigy** is setting up a Rs 22 crore project to manufacture speciality chemicals for the detergent industry at Santa Monica, Goa.

■ **Avery India** is diversifying into the manufacture of advanced electronic weighing and measuring equipment.

■ Tata Oil Mills Co (**Tomco**) plans to set up a joint venture with **Clorox International Co** of the US to manufacture a range of bleach products.

■ **Bata India** has been experiencing labour trouble at its factory at Batanagar. Workers were protesting against non-payment of wages and possible retrenchment, the latter caused by the management's claim of a lack of raw material.



BATANAGAR: THE UNIONS RAISE THEIR HEADS AGAIN

■ Mica Trading Corp of India's (**Mitco's**) Japanese collaborator, Nippon Rika Aogyosho, has refused to honour its buy-back commitment for mica paper.

■ **ECP**, the manufacturer of Salora TVs, has entered into a collaboration with **Matsushita** of Japan for the production of home entertainment systems in India.

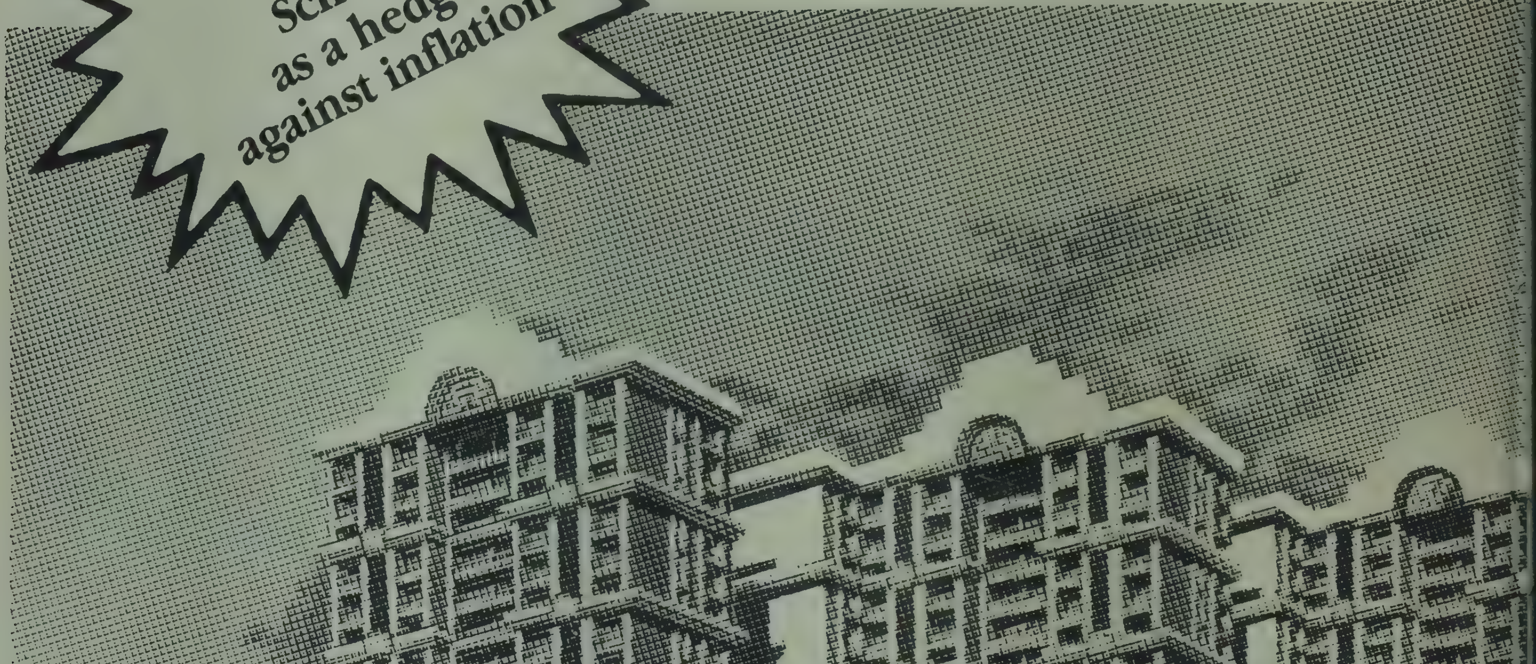
■ All manufacturing and marketing activities of the Kerala State Electronic Development Corp (**Keltron**) are being brought under a new subsidiary called Keltron (India).

■ Gujarat Oil & Industries Ltd (**Goil**) has introduced a scheme to provide personal accident insurance coverage to its shareholders on a 24-hour basis for a five year period.

■ Indian Telephone Industries (**ITI**) has sought permission to set up a Rs 54 crore facility at Bangalore to manufacture electronic switches.

Invest in your own

A Unique Scheme as a hedge against inflation



10 MINUTES BUS RIDE FROM KANDIVLI (E) STATION

OFFER OF CERTIFICATES NOW OPEN
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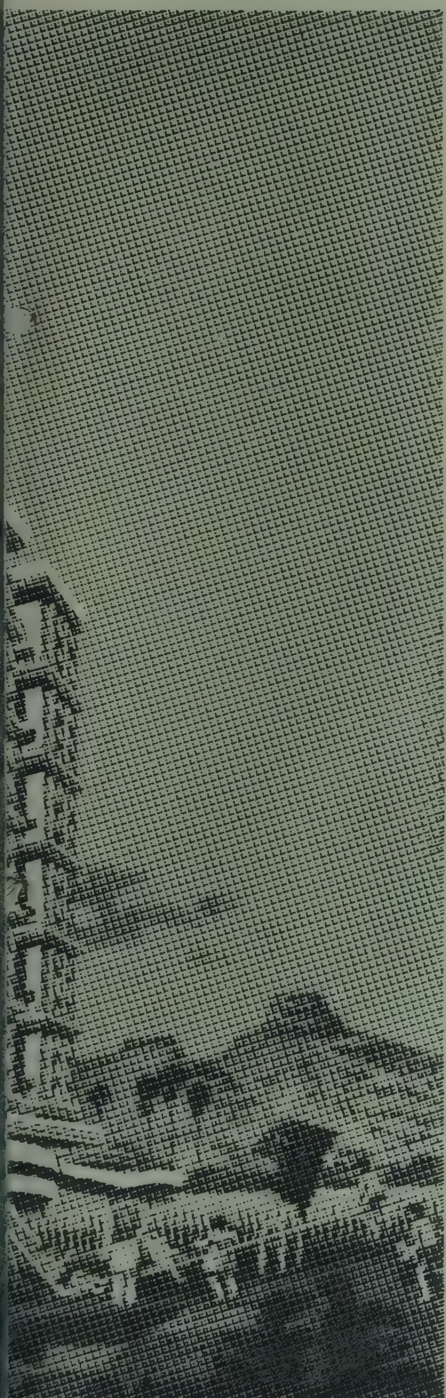
home, 10 sq. feet at a time.



Lokhandwala Construction Industries Ltd., a company of the Lokhandwala Group, is developing an area of 200 acres into 6000 residential units at Kandivli (East)—a fast-growing suburb in Bombay. Aimed primarily at the middle income group, the complex will comprise one, two and three bedroom apartments..

The layout is divided into four sectors. Work on sector I which comprises over 10 lakh sq. ft., has already commenced and the first group of buildings will be ready for possession by December 1990.

256,480 sq. ft. of the saleable area of sector II on which construction is proposed, has been earmarked for a unique scheme—**The Real Estate Participation Scheme (REPS).**

WHAT IS REPS?

Lokhandwala will issue participation certificates which will be expressed in terms of built-up area and rupees. 25,648 such certificates will be issued and each certificate will each have a face value of Rs. 7500, equivalent to 10 sq. ft. of built-up area.

The minimum subscription will be for one certificate (10 sq. ft.) amounting to Rs. 7500, 50% of which is payable on application and the balance is payable on allotment.

You can invest in property without buying an entire flat, as in addition, **REPS** certificates can be traded in the secondary market.

The certificate holders have the option of sharing in the growth and development of the property or of transferring the certificates at any time before the 30th April 1994.

The Scheme will be in force for a period of four years. During this period, the Company will complete the construction of the buildings and associated amenities like swimming pool, health club and gardens.

On completion of the Scheme, you can either get a flat by surrendering the requisite number of **REPS** certificates or the market value of these certificates, as per the terms of the offer.

If you do not have adequate number of certificates you can surrender them to a trustee company, to be appointed, who will safeguard your interest. It's so simple.

For details write to:

REPS Dept.
Lokhandwala Construction Industries Ltd.
48 Indranarayan Road, Santacruz (West), Bombay 400 054. Tel: 6494492,

Name: ____________________

Address: ____________________

____

____

____

lokhandwala
Construction Industries Ltd.
48, Indranarayan Road, Santacruz (West), Bombay 400 054.
Tel: 6494492 (4 lines) Telex: 011-78195 LDC IN.
Grams: LOKCONST BOMBAY-54.

Advisors to the Issue

DSP Financial Consultants Ltd.
Bombay 400 021

LOKHANDWALA REPS

The foundation for a better home

CLEA/945/LCI

TAXING INTEREST-FREE LOANS

It is common practice for companies or employers to provide interest-free loans or loans at a concessional rate of interest to employees. The taxability of such a benefit was at one time a grey area.

Some years ago, the government itself introduced legislation to treat this transaction as a taxable perquisite. However, before the legislation could see the light of day, it was dropped.

The recent judgment of the Calcutta high court has thwarted the income-tax department's attempt to tax such interest-free loans. The ruling was given in the case of *CIT v. P.R.S. Oberoi* (183 *ITR* 103).

In this case, the assessee was a director of Oberoi Hotels. He maintained a running account with the company for a pretty long time. During the assessment years 1973-74 and 1974-75, the income-tax officer (ITO) found that the assessee overdrew Rs 6.62 lakhs as at the end of the first year and Rs 7.47 lakhs as at the end of the second year from the account. He further observed that the company did not charge any interest on the overdrawn amounts.

Interest-free loans given to employees by companies out of their own funds are non-taxable

As the assessee was a director of the company, the ITO invoked the provisions of s.2(24)(iv) of the Income-Tax Act, 1961, and calculated a sum of Rs 53,119 in the first year and Rs 89,942 in the second year as the value of the benefit, this being interest calculated at 12% per annum on the overdrawn amounts. He taxed these sums under the head "other sources."

NO POSITIVE BENEFIT

The assessee appealed to the appellate assistant commissioner and contended that the action of the income-tax officer was not justified. It was stated that the company did not allow the assessee to overdraw from interest-bearing funds but only from its own funds. It was further stated that, in view of a resolution dated 27 May 1968, it was a long-standing practice that neither the assessee nor the company would charge interest on the current account. It was also claimed that the assessee did not derive any positive benefit or amenity and, hence, the provisions of s.2(24)(iv) did not apply.

The appellate assistant commissioner did not agree with the contention. He agreed with the reasons given by the ITO in his order. On further appeal, the income-tax appellate tribunal deleted the addition made by the ITO. The tribunal found that the assessee and the company were bound by a long-standing practice under which neither party paid interest on the amounts due to the other. It was found that there were credit balances on which the assessee never received any interest from the company in the past. The tribunal observed that the assessee could not be said to have derived any benefit simply because some amount was overdrawn by him in a particular year.

The Calcutta high court, on a reference, held that the interest-free credit enjoyed by the assessee during the two previous years under consideration was sought to be valued and included in his total income under s.2(24)(iv) of the Act. Clause (24) of s.2 gives an inclusive definition of "income." Under sub-clause (iv) of this clause, the value of any benefit, or perquisite, whether convertible into money or not, obtained from a company, either by a director or by a person who has a substantial interest in the company, or by their relatives, is treated as income.

The question, therefore, arose whether the assessee's interest-free credit facility could be treated as a "benefit or perquisite" within the meaning of s.2(24)(iv). According to the court, the intention of the legislature seemed to be very clear that the expressions "benefit" and/or "perquisite" did not include the enjoyment of loan or credit, free of interest or at a concessional rate.

This aspect has been recognised by the statute itself and to bring such items in the net of taxation, the law was amended by the Taxation Laws (Amendment) Act, 1984. By this amendment, a new sub-clause (vi) was inserted in s.17(2) and, similarly, another sub-clause (vi) was inserted in clause (b) of explanation 2 to s.40-A(5).

The effect of these amendments, which were made effective from 1 April 1985, was to make such loans taxable. However, subsequently, the Finance Act, 1985, omitted the aforesaid amendments made by the Taxation Laws (Amendment) Act, 1984, with effect from the date of its insertion, namely 1 April 1985, with a view to provide relief to salaried taxpayers.

The very fact that the statute had to be amended to bring the item within the purview of the expression "perquisite" shows that parliament did not consider it taxable earlier. With the clause being withdrawn such loans obviously stay non-taxable.

In cases where a company borrows funds on interest for the specific purpose of providing loans to its directors but does not charge interest from them, or where the financial condition of the company is such that giving such loans will be detrimental to it, grant of interest-free loans to the directors may be regarded as a benefit provided by the company to its directors.

But if these conditions do not prevail, interest-free loans or loans given at a concessional rate of interest cannot be treated as a benefit or perquisite given to employees.

■ *H.P. Ranina*
The author is a Bombay-based advocate.

ESCORTS LIMBERS UP FOR THE FAST LANE

On the face of things, it has been proceeding at tractor pace while others have been zooming past in Formula Ones. Escorts, testimony of chairman Hari Prasad Nanda's indomitable will to build something on a grand scale, seems to have been marking time for some time now. Of course, it remains one of the largest engineering units in northern India, and in the country; and, after a blip in 1986 and 1987, profits and financial performance seem to be on even keel. But for a company which had over four decades built up great organisational strengths, integrated forward and backward and covered an entire spectrum of related activity, the decade of the eighties has surely been one of unfulfilled potential.

Observers could easily contrast Escorts with other automobile industry units — say Bajaj Auto, which has single-mindedly expanded capacity, so much so that the magic mark of 1 million two-wheelers per annum is almost within reach; or even Mahindra & Mahindra which has bought over Allwyn Nissan, and has added to its product range. Even Telco, once perceived as a sluggish giant, is going places after its triumphant entry into light commercial vehicles and is working on ambitious "strategic alliance" plans with Daimler Benz.

But a close look reveals that Escorts is not really getting left behind, and that the placid surface actually hides a lot of activity underneath. "There is no question that we have lost time," admits Nanda. "However, things look much better today." Consider:

- In the motorcycle division, Escorts convincingly remains the market leader with well over 40% market-share; the old faithful, Rajdoot, is still going strong, and the Escorts-Yamaha RX 100 is the one exception in the Japanese mobike segment which is making money. Also, on the anvil is a move to get into mopeds.
- Serious talks are on for a "strategic alliance" with BMW of Germany for the manufacture of a four-stroke engine motorcycle.
- The tractors division, in line with industry performance, is doing extraordinarily well. The company has chalked out plans to maintain industry leadership (currently, the Escorts group has about 25% marketshare); new engines are being developed, and very soon, the company will have a broader product spectrum with the inclusion of both higher and lower engine cubic capacity ranges.
- The company is spending some Rs 200 crores in the next three years in technology upgradation. As a senior executive puts it, profits in the near future will be so good that "the company will almost be forced to invest."
- Through a number of well-considered measures, Escorts has emerged a leaner and stronger organisation compared to five years ago. Higher labour productivity reflects in profits; interest costs as a percentage of turnover are significantly lower; and with an increase in net worth after a convertible debenture issue, the balance-sheet looks much better now.


ESCORTS HEADQUARTERS. INSET: H.P. NANDA

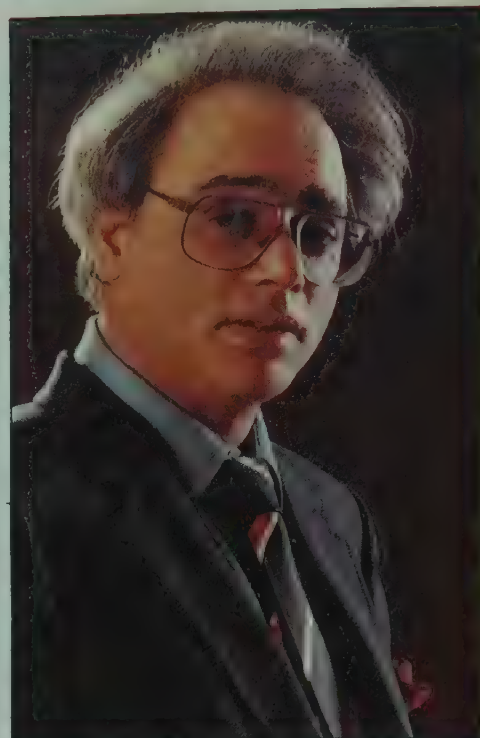
Before examining all these separate elements, which together add up to a coherent and sensible strategic course, it could well be asked why at all Escorts should be in a position where it has to make up for lost time. To this, there is a simple answer: Swraj

Paul, and all the troubles that followed when the rubicund tycoon cast his covetous eye on H.P. Nanda's lifetime's creation. A good three years were spent in the famous courtroom battles, and though Nanda emerged victorious, during all those years any kind of growth thrust was out of the question (see *BW* 3-16 August 1987).

DRYDOCK EPISODE

Moreover, there was the drydock episode. Nanda had undertaken this diversification after due consideration. Such a facility for repairs of ocean-going vessels was completely lacking in this part of the world, and Escorts was not really unfamiliar with shipbuilding — in the fifties and sixties, the company had worked on major contracts at the Calcutta docks. All in all, when the investment was made, there was no reason to be unduly worried about prospects.

However, things started going wrong right from the start. The appreciation of the Japanese yen against the dollar and the rupee made costs, originally estimated around Rs 20 crores, zoom up to nearly twice that level. The drydock had been obtained from Japan, and with Escorts resorting to foreign currency borrowings, exchange rates became a key factor for project viability. Furthermore, the shipping slump of the eighties started around the same time and Escorts found itself all at sea with the drydock. A company as strong as Escorts could well have ridden out the bad patch, held on to the drydock and



RAJAN NANDA IS THINKING GLOBAL

minted money now, what with the boom the shipping industry is facing. But queering the pitch was the Swraj Paul factor.

At that stage, Nanda was officially in disgrace, having dared to challenge the action of the financial institutions who were supporting Paul in his takeover bid. The institutions did all they could to hamper Nanda. And, having obtained a clear signal, other minions of the government did their bit. Escorts just could not get permission to park the drydock from either the Bombay Port Trust or the authorities at Nhava Sheva, contrary to express assurances earlier from these very bodies.

Ultimately, the dock was sold off to the Indian Navy, but not before its value had been written down by about Rs 12 crores. Moreover, the company suffered an operational loss of about Rs 5 crores per annum for nearly three years. The capital loss on sale of the facility could not be kept off the profit and loss statement for 1987, even though the company bravely maintained 22% dividend. Today, of course, under the aegis of the Indian Navy, the drydock has no locational problems whatever.

The financial institutions later made amends in 1987, when Escorts issued convertible debentures. The institutions renounced their rights entitlement in favour of Nanda and his associates. The equity stake of the institutions thus came down from 52% to 42%, and today (unlike when Swraj Paul came lumbering in) Nanda controls a comfortable 23% of Escorts' equity.

The drydock was not Nanda's sole disappointment. Another was with regard to the proposal to tie up with Citroen of France to manufacture a 650cc car. The French wanted to source manufacture from a country where manpower costs would be lower, and the project would have been entirely self-sufficient in terms of foreign exchange because there was a buyback guarantee of 35,000 cars per year. The government, rather illogically fearing competition to the Maruti, killed off the project by keeping it pending for an indefinite period without giving any firm answer. The French got tired of waiting, and transferred the project to Portugal.

PAYMENT PROBLEMS

Today, with the enormous balance of payments problems, things may be different. That is why Escorts is trying for a new strategic alliance for knowhow — this time with BMW of Germany, for the manufacture of mobikes with 175 to 200cc capacity ranges and a four-stroke engine. Escorts' managing director Anil Nanda, H.P.'s younger son who is in charge of the motorcycle division, is a little chary about giving too many details as the proposal is still in an exploratory stage. But it is of interest to remember that the Rajdoot owes its parentage to BMW; when Escorts entered into motorcycles, the draw-

ESCORTS' FINANCIAL PROFILE

(Rs crores)

	1985	1986	1987	1988-89 (15 months)	1989-90* (12 months)
Sales & other income	378.40	385.46	482.33	783.36	769.38
Pre-tax profits	17.62	8.73	12.67	21.41	34.42
Post-tax profits	16.57	8.73	12.45(1)	18.01	22.42
Share capital	13.92	13.92	27.65(2)	33.90(3)	—
Reserves & surplus	86.20	77.73	91.42	114.77	—
Loan funds	94.90	116.02	107.29	98.41	—
Net fixed assets	130.87	131.94	125.18	139.51	—
Investments	4.63	5.89	5.96	30.65(4)	—
Net current assets	57.25	67.52	92.04	75.07	—
Dividend (%)	22	22	22	28	—

(1) before extraordinary item: loss on sale of drydock: Rs 11.74 crores.
(2) after 3 for 5 bonus issue, and partial conversion of convertible debentures.
(3) after full conversion of debentures.
(4) during the period,the company acquired units and public sector bonds worth Rs 25.24 crores.
*provisional figures, dividend to be announced later.
Source: Balance sheets.

ings the company purchased from Poland were based on a BMW original.

Four-stroke engines have the edge because they are less polluting, as Hari Nanda puts it (see interview p.44). Besides, in the process of internalising a new technology, the company will be able to expand operations (minimum volumes being ensured through buyback arrangements with the Germans), it will be able to earn foreign exchange, and will be able to hold its own against competition from Bajaj Auto, which is attempting to obtain Japanese technology for a four-stroke engine.

CAPITAL COSTS

Capital costs will be in the region of about Rs 30-35 crores. Initial volumes (so the thinking runs) may be pegged at 20,000, increasing to 120,000 within a five-year period, with 20% of the output being exported. In the domestic market, the new four-stroke machine will have to be priced higher than the Rajdoot (which costs between Rs 16-20,000 for its various models). But Escorts is confident that market demand exists.

In the meanwhile, the Rajdoot continues to do extremely well, with current volumes running at 11,000 numbers per month (or about 130,000 a year). With a 25% share of the motorcycles market in this one model, Escorts is in an enviable position. P.S. Batra, vice-president (marketing) for the company's motorcycle division, sees strengths in the Rajdoot. "The Rajdoot is the sturdiest vehicle going," he says, "And in rural India, where roads may be merely dirt tracks and the distances long, the Rajdoot's reliability and ruggedness makes it the most popular vehicle. No other two-wheeler can, for instance, carry six large cans of milk. This one does."

Further, says Batra, 50% of the total motorcycle market is in the rural areas. In this particular market segment, which accounts for 80% of sales, the Rajdoot will continue to be in demand. As a variation, the "Black Gold" model of the machine has been launched specially targeted at the semi-urban market, while the Escorts RX 100, the Japanese bike, is almost entirely aimed for urban demand, with 90% of sales coming from 20 large towns.

The initial problems of the Yamaha project have now been successfully weathered. The yen appreciation and the high import content in the early days made the vehicle, like all other Japanese-tieup two-wheelers, unexpectedly expensive soon after its launch. But today Escorts is perhaps in a better position than others.

The fact that the Yamaha project was started off as a division of Escorts,

ANIL NANDA HAS NEW TWO-WHEELER PLANS

and not as a separate company (like Ind-Suzuki and the rest) may actually have been a boon. The initial losses (Rs 5 crores annually) have been subsidised, and the company as a whole has emerged stronger after having nursed a division which will soon become a major profit-spinner. While original plans for output increase were too ambitious, the company may today well have to step on the accelerator. Production is currently running at a healthy 6,500 per month, but Anil Nanda feels that at least another 1,000 more could be sold. By 1991-92, says he, the company will make at least 1 lakh machines annually.

The Yamaha motorcycle is, of course, entirely an urban machine. With clogged roads in large Indian towns, its quick start-up and acceleration (while being a nuisance for other vehicles on the road) is extremely convenient for the rider. Fuel-economy, the company's claim that the machine is trouble-free up to 100,000 km, and Escorts' very strong sales and service outlets, may ensure continued market leadership (currently at over one-third marketshare of the Japanese bike segment).

The top brass at Escorts may take some satisfaction that the Rs 50 crore Yamaha project is now well past breakeven stage. "When it is considered that there has been a Rs 20 crore charge for interest and depreciation over three years, the gestation period for the project has certainly not been too long," says Batra. However, despite optimism about Yamaha's prospects, he confesses that one area from which Escorts may well have been completely excluded for the time

ESCORTS TRACTORS: THE MAINSTAY

"THINGS LOOK MUCH BETTER TODAY"

It would be a pardonable exaggeration to say that H.P. (Hari) Nanda (71), chairman and managing director of Escorts (and founder director since 1944) has single-handedly made the company what it is today. Certainly, the fact that the Nanda family still retains control is simply because of Hari Nanda. When, some years ago, Swraj Paul made his ill-fated attempt to take over the company, he had not anticipated the grit and determination with which Nanda fought the entire state apparatus engaged in actively aiding Paul. Today, Nanda can take satisfaction from the poetic justice which has ensured that Paul is now persona non grata *in the entire business community.*

Five years after the battle for survival, Nanda is today a much more relaxed man. And, despite some disappointments with regard to growth proposals, his company is set on an even course. He talked to BusinessWorld *on how he perceives current prospects and the future. Excerpts:*

■ On where Escorts stands now.

There is no question that we have lost time. Four years have gone in fighting off the takeover shadow and all the difficulties (like Fera cases) that it brought. And then, the drydock investment turned bad. The Yamaha plant, originally envisaged to have a capacity of 2 lakh units per annum by the current year, has had to be built in phases. And we are still nursing the Rs 10 crore Epabx project, started up in collaboration with Jeumont Schneider.

However, today, things look much better. The Yamaha project has started to pay for itself, and with increased indigenisation and full repayment of our foreign loans, the expensive yen does not affect us any more. Rajdoot and the tractors divisions are both doing well. The balance-sheet looks so much stronger.

The only thing I regret is the Citroen proposal, which was a win-win situation in every respect — for Escorts, for the country, for the foreign company. The government perhaps thought that the product would be directly pitted against the Maruti. But Maruti is an urban vehicle, whereas what we proposed was a 650cc automobile, and our target was the rural areas. It is a pity this project was killed.

■ On the tractors division.

Any farmer, when he buys a tractor, keeps the same machine running for perhaps 50 years — there are sentimental reasons, and the tractor is like goddess Lakshmi. With intensive tractorisation having run its course in the developed economies, replacement demand is low. Thus, today India produces the highest number of machines in the world.

Irrigation, fertilisers, seeds, and tractorisation — these are the four legs on which any effort to increase farm productivity must stand. Potentially, the Indian market is huge — manufacturers are likely to see a continuous growth in demand for their products. And with increased agricultural prosperity and purchasing power, every segment of industry, including two-wheelers, will benefit. Today, we find two-wheelers on hire in Punjab, Maharashtra and Gujarat villages. Tractors are hired out between harvests for transportation. The scope is immense.

■ On Escorts' growth prospects.

One observation I would make is that we never bite off more than we can chew. When other two-wheeler manufacturers were taking deposits from an endless queue of customers, we never took more than what we could deliver within 12 months — but we charged Rs 1,000 against Rs 500 that some others did.

Of course, we are expanding two-wheeler and tractor manufacture. We aim to double production within a few years, and we are bringing in new technology. We must go in for four-stroke engines, because two-stroke engines are the worst polluters. But there are two projects, still in the thinking-out stage, which particularly interest me. One involves making outboard engines for fishing boats. Improvement of aquaculture is a national need, and we need to prevent over-fishing in waters immediately adjacent to the coast. Manufacture of the engine will clearly be a related activity for Escorts.

The other project is a processed buffalo meat and tannery venture and could cost Rs 150 crores. With our tractor sales network, we are close to the heart of rural India. I feel we could do this well enough, and the benefits could be great to the rural community where we locate the venture, to ourselves, and to the country's balance of payments, because we would export a good part.

■ Other observations.

One thing I feel very proud about is the Escorts Heart Research Institute, on which we are spending Rs 2 crores a year. We have spent Rs 20 crores so far, which includes the cost of setting it up.

I feel that the nineties will witness great changes in India. Whatever progress we have made in the past 40 years will now be replicated within the decade. Government policies cannot retard this trend. I would like to see Escorts contributing what it can towards this national effort.

ESCORTS LOADER DUMPERS: CHIPPING IN

being, and which would have been logical for the company to enter, is scooters.

Anil Nanda agrees that in scooters, Lohia Machines, Kinetic and especially Bajaj Auto today have headstarts which would be impossible to beat. But here again, the company is philosophical about its various disappointments (there had been an earlier proposal to take over AP Scooters, a sick unit), and in pursuance of a strategy to carefully specialise in selected market segments, it proposes to enter into the manufacture of mopeds.

Demand for mopeds is running at 5 lakh per annum with 60% being sold in the rural areas. Escorts, with its deep penetration of the rural market (through sales of tractors) is confident that it will be able to hold its own against the (proposed) Bajaj M-50 Sunny. Escorts perceives that Sunny, being a geared mini-scooter, would probably cost in the vicinity of Rs 9,000. In contrast, a non-geared vehicle could cost around Rs 6,500.

This is the vehicle that is on the drawing boards at Escorts, and the target launch date is late 1990. "A simple product for the roadside mechanic, which the cyclist could comfortably upgrade to, is what we aim for," say company spokesmen. The plan will entail an investment of Rs 12 crores, and if calculations and the product are both right, financial rewards could be great.

In addition to the moped project, Escorts will be investing Rs 40 crores over the next three years in its motorcycles division, to grow in line with the market. This excludes the Rs 35 crore BMW proposal, if it comes about. But other divisions are not being neglected — and a substantial Rs 30 crore investment (over a similar time span) is being envisaged for the auto ancillaries division, which currently contributes over Rs 100 crores to the group's turnover.

AUTO ANCILLARIES

The auto ancillaries activity is partly within the main company, and partly under associate corporate bodies (Goetze and Escorts Employees Ancillaries) which are run as divisions of the main company. Here again, Escorts is working on schemes for export-cum-technology upgradation with its various collaborators and stakeholders. With Goetze, a joint venture trading firm has been started at Singapore, which will source piston rings from the Indian outfit. There are possibilities that ring sets may also go to Germany. Similar talks are on with Mahle (Germany) and Yamaha (for motorcycle spares).

Escorts' tractor division, equal in importance to motorcycles, has been doing particularly well in the past three years. After a stagnation and small dip in 1985 and 1986, demand grew smartly between 1987 and 1989, and the rates of growth in these three successive years were at 10.3%, 20.9%, and 12.7%.

Soft-loan schemes, which today provide about 85% of the value of a tractor, have helped very considerably to stimulate market demand and the mood is upbeat. M.M. Mehta, vice-president of the division, and A.P. Gandhi, associate vice-president, talk enthusiastically about a Rs 40 crore investment programme over the next three years. AVL of Austria and Ricardo of the UK have been brought in as consultants for a total technology upgradation. And, together with expansion of production, the engines and transmissions of the various models should see considerable improvement.

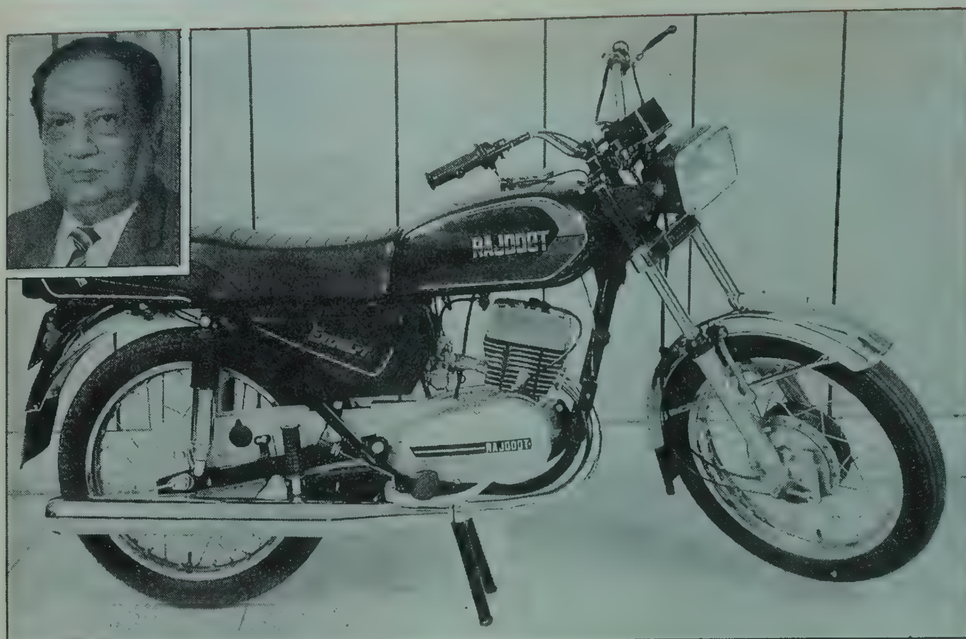
Today, most tractors in India are in the 35 horsepower (hp) range, in contrast to much larger machines (100 hp) in, say, Canada or the US. Escorts is currently trying to expand its product spectrum by moving towards both higher (55 hp) and lower (25 hp) models. Further, there are plans for a harvester combine, which can have a select market. With current trends pointing to an inevitable expansion of tractorisation in Indian agriculture, the company's total package of plans adds up to a strong bid to maintain and expand marketshares.

Escorts' other activities, namely manufacture of earthmoving equipment, cranes, and gensets, carry on at an even keel. Though relatively small

ESCORTS GROUP: MAIN COMPANIES, ACTIVITIES AND SALES

Company	Holding	Main activities	Sales* (Rs crores)
Escorts	Nanda family & associates 23%; institutions 42%; public 35%	Motorcycles, two-wheelers & tractors	758.98
Escorts Tractors	Escorts 50%; Ford Motor Co. (US) 40%; institutions 7.5%; others 2.5%	Tractors	146.56
Goetze (India)	Escorts 27.5%; Goetze (W. Germany) 26.44%; institutions 20%; public & others 26.06%	Piston rings	29.21**
Escorts JCB	Escorts 60%; J.C. Bamford (UK) 40%	Excavators	21.33
Escorts Herion	Escorts 60%; Herion (W. Germany) 40%	Crankshafts, cylinders & control valves	6.78

Note: *Figures for the 15 month period ended 31 March 1989.
**Figure for the 9 month period ended 31 March 1989.
Source: The company.



BATRA (INSET) BANKS ON THE RAJDOOT

compared to the tractor or two-wheeler operations, the total turnover is not inconsiderable at around Rs 60-65 crores. Excavator loaders were a logical step from tractor manufacture, and diesel gensets were merely a different use for the internal combustion engine. In both these related and synergistic diversifications, undertaken many years ago, Hari Nanda clearly displayed much foresight.

Daljit Wallia, vice-president of Escorts' industrial equipments division, today sees a fairly assured market for the company's various products. Demand for the larger range of gensets (a Rs 25 crore activity for the company) is likely to remain high, given the bleak power scenario. And roadbuilding or development projects will have to buy cranes, excavators or excavator loaders. "The government continues to be the main customer for such machines," says Wallia. "But today, contractors are growing in number. More bank or institutional finance for contractors could result in demand stimulation, and there is a move by the industry association to persuade the government about this."

Escorts' current excellent financial performance (pre-tax profits are Rs 34.42 crores this year, against Rs 21.42 crores for the preceding 15 month period) is in no small measure due to hard-headed application. As Rajan Nanda, the vice-chairman of the company (and H.P.'s elder son) puts it: "After the second half of 1986, we did an honest introspection of all our businesses, and applied rigorous commercial yardsticks for evaluation. We looked closely at whether revenues were being generated in line with investment, and found that we were considerably out of synch."

As a result, at the overall corporate level (which is Rajan's responsibility), there was an effort to make both manpower and capital more productive. The company has achieved a 20% labour productivity increase over three years. With higher turnover, employee costs are now 9% against 11% earlier. The target is 7.5%. Further, after the Rs 35 crore convertible debenture issue, which (after conversion) has shored up the net worth, borrowings have been brought down while business volumes have expanded. "Today, we have no long-term debt, our liquidity is at Rs 30 crores, and we are earning Rs 6 crores this year through our portfolio investments," says Rajan Nanda. "Moreover, we are looking at all capital spending carefully; unless it is a new project, any division must generate its own surpluses for ploughback."

ESCORTS CRANES: HIGH DEMAND

Rajan Nanda talks about aiming for a Rs 2,000 crore turnover by the mid-nineties, against Rs 769 crores this year. The targets are 50,000 tractors, and 4 lakh mopeds and motorcycles, i.e. virtually double present output levels. The change in technology culture, which installation of new machines will ensure, will certainly go some way towards this growth. But for a company as large and as multi-divisional as Escorts (22,000 people and 14 plants), employee motivation holds the key.

In part, constant numbers in manpower strength will translate into further improved productivity if capacities are expanded. But a new wage agreement will have to be negotiated this year. So far, the company has been perceived as a benevolent employer, and it has to keep it up.

CONTENTED MANAGERS

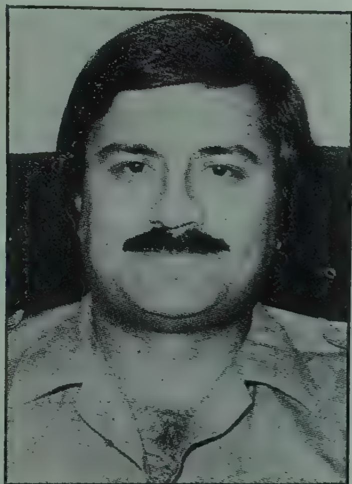
Similarly, the 1,000 managers of the company are generally content about pay, perks and benefits. However, it is possible that the company has a little too much of hierarchy — with 11 tiers, designations and seniority are a little confusing. "We would like to reduce to perhaps seven tiers," says P.K. Lal, vice-president, human resources. "Going down sharply to (say) five would be too sudden and perhaps destabilising."

The key question will be autonomy and freedom for professional managers. In this, Hari Nanda, the benevolent patriarch, has been supremely successful; while no professional can aim for the topmost slot, there is little complaint about job satisfaction. So far, his sons have acquitted themselves well, but Hari Nanda still remains the protective shadow.

With the current programme of expansion, and the export thrust, Rajan Nanda makes much about his ambition to "internationalise" Escorts. That's something a whole lot of Indian companies are talking about. The next five years will show whether Escorts has got what it takes to go truly global.

■ *Subrata Roy*

PRODUCTS & PROCESSES



NEW PESTICIDE FOR SOIL

FMC Corp of the US has developed a soil pesticide called Rugby which is claimed to be effective against nematodes (worms that destroy plants) and soil insects. Field trials have shown that it is more active than most nematicides and combination pesticides.

Due to its low soil solubility and low degradation rate, Rugby remains active in the root zone for a long time. It is non-systemic, and leaves no residues in fruit. One application a year is adequate in most cases.

A brochure is available which details the results of field tests in several countries around the world.

VIDEOGRAPHICS FOR IBM PCs

Truevision of the US has developed Targa videographic boards for IBM PC, XT and AT compatible computers. This enables bringing photo-realism and multi-media to graphic presentations. The Targa board is compatible with software and peripherals from over 200 companies.

It can capture real-time images from a video source, merge them with other images or add text and graphs, create broadcast-quality animation, and then output the result to video, tape, slides and paper prints for presentations, computer aided design (Cad), video production, etc.

DOOR VIEWER SANS EYEPIECE

NKB International of the UK has developed a door-mounted security viewer styled Cyclops which eliminates the need for a conventional eyepiece. It incorporates a screen, which shows a picture of whoever is at the door. It can be viewed from a distance. Another advantage is that the visitor cannot see behind the door.

The image, generated by a lens system, measures 35 mm square. It is also in full colour. The product requires no batteries and can be installed quickly.

SOLAR POWERED RADIO

Amsonic of Hongkong has developed a low-cost, pocket-sized radio powered by a solar cell. The AS-238 model is an AM/FM stereo receiver with earphones. Its solar cell captures solar energy and stores it in a nickel-cadmium rechargeable battery enabling it to be used at night as well.

Such a radio can be very popular with millions of rural customers in a country like India because it will no longer be necessary to repeatedly buy battery cells.

DUAL WIPER BLADES

Innovative Industries of the US has developed a patented dual wiper blade which can fit onto the standard windshield wiper arm of any vehicle.

Two edges of the rubber wiper blade are in constant contact with the windshield. Each sweep of the arm in either direction cleans the windshield twice, greatly improving the effectiveness of the new wiper.

SAFE DISPENSING IN LABS

Rudolf Brand GmbH of West Germany has introduced a range of safety dispensers for dangerous liquids for use in labs. Dispensette dispensers offer safety features at the glass cylinder (to protect from splinters and splashes), at the discharge valve (to prevent squirting), at the discharge tube (to promote bubble-dispensing) and at the plunger (to increase chemical, crystallisation and swelling resistance) levels.

Other models are also available for various applications.

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HUMAN RESOURCES DEVELOPMENT IN A BUSINESS

Speech delivered by Mr. B.R. Shah, Chairman, Lipton India Limited, at the Annual General Meeting held on June 8, 1990 in Calcutta.

India's physical resources have many dimensions. Fertile crop lands, immense reserves of minerals, great rivers, a long coastline and a diversified industrial base are only a small sample.

The greatest of all our assets, however, are human resources. These are abundant, inexhaustible and, more important, can be developed and channelled to meet the equally colossal problems confronting our country. However, for these resources to be productive, they must be high calibre.

Many types of resources are necessary to manage an industry: capital, technology and goodwill in the form of property in brand equity. But the mere existence of these resources is not a sufficient condition for entrepreneurial activity: they need human resources to make them come alive.

Today I propose discussing human resources at Lipton, and how these resources have been so nurtured and husbanded to respond to the needs of a fast changing business environment, in the context of its own growth strategy.

There are five broad issues that a large business such as Lipton needs to address itself to in organising and developing human resources on a sustained basis and to put other resources like finance, technology and brand equity to the best possible use.

These are:

A. Human resources must be responsive to the needs of the business.

B. Team effectiveness and a collaborative climate are crucial to achieve business success – the company's value system plays an important role.

C. The basics of motivation have to be fully understood.

D. Recognising the importance of communication, to enable people in an organisation to network to achieve change and growth.

E. And, lastly, insight into future trends in the environment relating to human resources and their impact.

A. Shaping Human Resources to Respond to Business Needs

An enterprise as large as Lipton needs to have a clear perception of its business goals and an appropriate agenda to mould its human resources to successfully manage change. This entails insight into anticipated business changes, grooming managerial resources, improving productivity through training and streamlining manpower in every facet of its operations. Let me now recount Lipton's experience in meeting these tasks.

1. Business changes

Lipton's business in India dates back to 1889. The company remained a single product – tea – business until 1984. Its first task was to become a multi-product enterprise so that its operations could achieve a reasonable degree of stability. The second was even more serious: its original business, tea, needed considerable attention as there were clear signs of sickness. The people in this business therefore had to adapt to the imperativeness of change to make it viable and they and those from other businesses such as Edible Fats, Dairy Products and Animal Feeds who came to the Lipton fold had to be harmoniously integrated. The 'New Lipton' had to demonstrate its cohesiveness and team spirit. This was important not only for the growth of these businesses but also to enrich the jobs and allow for the growth of the people working for these businesses.

That we finally managed to put these behind us was the result of a lot of introspection and strategic planning, particularly in our tea business, together with a clear focus on adapting the positive aspects of the company's human resources to the tasks of the future. Better cost and commercial controls, innovations in marketing, an accent on productivity and changes in the distribution arrangements were also undertaken.

A new ambience was created to bring together the people in the traditional and the new businesses and to raise overall professional standards by an exchange of people across businesses and enrich experiences.

'Liptonians' today man over 30 units. The company has a significant market presence in over 3,500 important towns and 700,000 retail outlets buy Lipton brands regularly. Our people have also introduced new products and created brand properties in new market segments. Our marketing teams have created innovative advertising communication in both the traditional and new businesses to reflect the changing aspirations of the consumer.

The company now has new brands: Flora, Taaza and Tree Top. Lipton's factories also handle larger throughputs. Modernisation and renewal have expanded capacity. These have all been successful because of the company's attention to the development of its human resources.

2. Building managerial resources

A company's success as a business substantially depends on the quality of its managerial resources, and the leadership it is able to provide to take the business forward.

Selection of managers

Selection to management is rigorous and our standards are high. There are three ways in which Lipton meets its requirement of managers: through the Management Trainee Scheme, through direct recruitment and through promotions from within. Lipton recruits the trainees in conjunction with other Unilever companies in the country through interviews, often conducted at the campuses of well-known institutions.

Lipton's credo is that the company offers those intending to join it "only careers, and not jobs". Defined this way, the company's commitment to managerial manpower becomes amply clear. Of course it is expected that the manager who joins the business, usually as a youngster, also has a similar commitment to making a career with the company. This is the philosophy for selection in Unilever companies in India and, indeed, internationally.

Recruitment & induction

The management trainees who join the business come through a rigorous selection procedure. They are bright and young and usually not much exposed to business. Invariably these young men and women come

from middle class homes with an accent on good education as an important asset.

The new recruits to management receive a bird's eye view of the business irrespective of their field of specialisation. They are also exposed to formal and intensive induction programmes. The objective is to integrate young minds with Lipton's corporate thinking, encourage openness and enable them to perceive the linkages among the diverse parts of the business. They also spend eight weeks, as part of their training, in Etah, where Hindustan Lever and Lipton have an Integrated Rural Development (IRD) Programme. Except for the exposure to IRD, the direct recruits and internal promotees also go through a similar induction process.

The training process & placement

The training period ranges from 18 months to 24 months. The trainees are aided by a 'tutor', usually a departmental head or a senior manager who meets them periodically and records any observations in a contact book which the trainees maintain. Our training programme exposes the trainees to the company's operations at various levels. They learn by doing, writing reports and undertaking project work on live problems. At the end of the training period comes an interview with the Chairman. After their confirmation, the trainees are posted to a job in their field of specialisation where they normally remain for a period of three to four years before being transferred to another experience-enriching position. Annual appraisals and on-the-job counselling from experienced colleagues enable trainees acquire the necessary managerial skills and perspectives. The fact that performance is assessed against objectives agreed and set at the beginning of each year, and the manager is free to record his reactions at the time his appraisal is read out to him, makes the system as fair and objective as it can be.

Manager & entrepreneurship

A business has to take risks. Managers therefore cannot seek protection against possible failures in the process of being entrepreneurial. Lipton extends unusual opportunities to make people "intrapreneurial". In the company's Animal Feeds Business, for instance, young managers can discover the entrepreneur in themselves. An Area Manager of a Lipton Animal Feeds Unit typically handles sales, production, buying, union negotiations and has to think on his feet. Exposure of this nature enhances his experience. When he moves later in his career to jobs in marketing, finance or general management, he becomes a leader in his own right and is able to motivate a bigger team of people.

Remuneration

A key to building an effective, well motivated management team is a reward system which is not only fair, but is also seen to be fair. At Lipton, the practice is to remunerate a manager according to the nature of job responsibility shouldered.

Increases in the salary levels in the normal course depend on performance and the extent to which the objectives set have been achieved. This means that salary rises are merit-based, and not automatic.

Planning & review

The quality of success a business plans to achieve tomorrow and the future it creates for itself largely depend on the 'people decisions' you make today. What makes this systematic at Lipton is a procedure called the 'Personnel Planning Review'. This takes into account several relevant factors such as the effectiveness of the present organisational structure, the changes needed to meet future business demands, assessment of management resources and specific training requirements.

3. Enhancing productivity through training

Lipton believes in keeping its human asset in the best possible state of health. This can only be achieved by a well thought out plan to rejuvenate and renew talent of a high calibre and a management committed to a culture of excellence.

A key ingredient of this process is Lipton's policy of providing training to its people. The numerous training programmes the company organises are business-led. Ongoing programmes include skills courses of a wide variety, e.g. sales skills courses which provide the sales teams a broader picture of a changed market and adapting to the competitive environment; courses in computer applications; workshops for sharpening commercial skills, amongst many others.

Training programmes have a clear objective: to make the work force do their job better through minimising wastages, maintaining plant and equipment and sharing the corporate concern for quality, cost - effectiveness, and safety. Such programmes are run at individual unit levels.

Training is often pro-active and anticipates the need for a new range of knowledge or skills arising out of a perspective business plan; for instance, in the application of information technology, logistics and energy conservation.

Another dimension of training is its 'people' orientation. The annual appraisals of employees usually suggest special areas that need attention in terms of training inputs. These inputs are particularly regular for supervisory and managerial personnel. Quite often the training needs stem not from an analysis of the present performance but the potential the employee has to take on another job at a higher level.

Training is a continuous process and we find that it is most effective when it occurs on the job or is closely allied to it. In this way, training is made relevant to meet business needs as well as to improve performance and productivity.

4. Overmanning

Overmanning remains one of the vexing issues in many companies in the country and Lipton is no exception. In fact, the older the organisation, the more intractable a solution to the problem. Overmanning increases costs, saps competitive power, and affects the viability of the unit leading to its eventual sickness.

The management, however, has a responsibility not to let a unit become sick. They can only do this when they evince genuine concern for the work force and their post-resettlement problems once they decide to accept a separation package. The management should at the same time invest in such units to modernise them and retrain the remaining work force and undertake comprehensive cost control measures to ensure that the phenomenon of sickness does not recur. This is the approach that Lipton has successfully adopted.

B. Focus on Team-building

The activities of a great number of people have to be coordinated into effective working teams. This requires a clearly defined organisational structure whose basic objectives are understood and accepted by all involved. From the overall objectives of the company, individual unit objectives are established and these are further broken into objectives for departments, teams and for individuals.

What pervades Lipton's businesses, spread across the country, is the emphasis on team-work. It is the inculcation of an effective team-work culture, focusing on the strengths of individual employees in a professional atmosphere, which has enabled Lipton to swiftly adapt to the changes in the business environment. Such an effective team culture thrives because of openness and trust nurtured by a well recognised value system, effective team-work among managers and a sound policy of industrial relations based on mutuality and fairness in collective wage bargaining.

1. Value system

Lipton shares a certain ethos, culture and values with a larger group, Unilever, a world leader in consumer products. As a member of Unilever, it has a wider view of the world. Unilever's experience in managing people internationally has been adapted to Lipton's Human Resources Development (HRD) strategy.

The consumer is at the heart of the company's business and, therefore, ensuring product quality is an article of faith.

Merit is the main criterion for the progress of an employee in Lipton.

The people who work for Lipton believe in a strong work ethic and integrity. This is extremely important as everyone who

HUMAN RESOURCES DEVELOPMENT IN A BUSINESS (contd.)

works in the company, whatever the level, is an employee, and collectively, accountable to the company's true owners – shareholders like all of you here.

2. Team-work among management

Working as a team is particularly important for management. Lipton's businesses operate in highly competitive markets and there has to be continuous inter-functional coordination not only to solve problems speedily but also to take advantage of entrepreneurial opportunities. The managers also have to work as a team in a number of other areas like new product development. Lipton's success in turning around the fortunes of its original tea business and emerging as a multi-product company is the result of team-work.

3. Human resources & industrial relations

An industrial culture demands an atmosphere of discipline, effective team-work and a shared concern for the success of the business. In view of this, it is important that good industrial relations practices are fostered.

4. Collective bargaining

Lipton believes that the key to secure relationships is trust and mutuality. This belief strongly influences its approach to dialogue with the unionised category of employees.

At all our units we attach great value to bilateral and open discussions on issues of joint concern. Such a dialogue has helped us to evolve a fair wage policy. Our policy is to pay in line with the region and industry and also on a level which ensures the long-term viability of the unit, security of continued employment, and all this in an environment of rising expectations. Our experience has shown that the best way to provide a fair wage and at the same time maintain viability is through linking benefits to productivity. This ensures that all concerned are involved in the growth of the unit and the organisation as a whole.

C. Motivation: The Moving Force to Excel

People are not like machines whose output we may be able to direct or control by pressing a few buttons. Any large business which has a long-term stake in building a sound future must recognise that human interactions and their results are subject to variance. Some of the factors that provide a strong motivation to people in a business to excel are: the structure of the organisation, fair assessment of an individual employee's performance and creation of a sense of belonging to the company. Let me now discuss these in the backdrop of Lipton's operations.

1. Business structure & motivation

Lipton's business structure is based on a profit centre organisation. The profit centres share central services such as finance, technical, personnel, and others. Since profit centres are 'profit responsible', inter-functional coordination and swift decision making are assured and business goals are continuously monitored. In a sense, it is the accountability, recognition and involvement inherent in the business structure which creates the motivation for individuals.

Considerable planning is necessary to create, develop and deploy human resources, and such advance action is possible only if the business plans mesh well with the mosaic of human resources. Lipton has prepared a five year business plan which spells out product fields, marketing, sales and production objectives and strategies, the cost of financing new activities, modernisation programmes, and investments. This plan has an important ingredient: a time horizon. After identifying the nature of skills required, particularly for the new activities, the HRD function has to determine the methods of training/retraining or redeployment.

Another facet is planning for replacement of people leaving the business due to natural factors like retirement and ill-health. The company's manpower planning is objective and is based on the concept of zero-budgeting, but it does recognise that with experienced people leaving, regeneration of skills to meet newer demands has to be planned.

2. Appraisals

An annual appraisal system which covers most employees ensures that a record is maintained on current performance. More significant, the appraisal system takes into account the individual's potential to shoulder higher responsibility. This system promotes healthy competition. For the future, we plan to extend such an appraisal system to cover more categories of employees.

3. Creating a sense of belonging

The vitality of an organisation lies in its ability in knitting its people and making them feel that they belong to a team.

Lipton's people work across the country and the company's house journal, which reaches every employee regularly, provides a corporate personality to the organisation. For a business as large as Lipton, a 'people' focus is essential and the house journal serves this purpose. The good service awards, annual sports, safety week, mock fire drills, retirements, marriages, success of children in examinations, blood donation, special activities under IRD in Etah — news covering all these finds a place in the journal, together with business oriented news which the journal chronicles from time to time.

Whether it is the Pongal festival celebrated by colleagues in Lipton's factory in Tiruchy or a professional quality stage production organised by employees of our Calcutta units, what comes out is the individual creative urge for expression. A business has to consciously provide such outlets. Well organised, they usually become both enjoyable and fulfilling. This has been Lipton's happy experience.

D. Networking for Change & Growth

The larger an organisation, the more complex the process of ensuring that people who make a career with it work together, understand the broader company goals and help bring about changes vitally needed to seize growth opportunities. Our success here is due to a conscious process of sharing information with employees and building an atmosphere of empathy.

In the beginning of the decade, the company's focus was to set the house in order in its tea business. A mature business in many ways, it was battered with problems of rising costs, a modest market share in a relatively static market, and little by way of investment in new assets to raise productivity. It was caught in a vicious cycle.

Empathy built with employees, both on-the-job and through regular training programmes, helped bring about an attitude of understanding. The opportunity was also taken to openly air, in management/union discussions, the problems the business faced. Facts concerning rising overhead costs without an appropriate increase in sales volumes and profitability, and their long-term adverse impact were also freely discussed. In short, the experience gained reinforced the need for continuous dialogue in order to nurture a healthy attitude of collaboration rather than futile confrontations and conflict.

The credit for making it happen goes to our unit heads and colleagues down the line. They made information sharing about the state of the business the corner-stone of

good relations, and looked upon colleagues at all levels as a vital resource that we needed to build on and value. The company also organised surveys from time to time to have an objective assessment of how the organisation is perceived by its people.

The process of information sharing continues. For instance, our sales personnel, supervisors, office and shop-floor colleagues take part in what are called "Our Business And Us" programmes. These bring home the fact that large investments are being made by the company today to strengthen its market position. At the heart of such programmes is the message that the company is set on a new course so that the long-term future is made more secure and the people have a stronger company to work for.

E. Future Issues in Managing Human Resources

What kind of people will industry and business need in the future? I believe that specialist managers have a significant role to play, but the need will be even greater for people with leadership attributes. Such managers must feel at home and be effective wherever they are posted, a metropolis or a place in the interior of the country. And they will have to be resourceful, versatile and very innovative. A finance man, for instance, will have to be a lateral thinker, at home in financial engineering, and one who brings to bear a new kind of business sensitivity on the internal environment. The same applies to marketing and production.

With continuing liberalisation, competition will be intense and the people manning industry will have to deliver products of significantly better quality and value to the consumer. Given the flux and rapid pace of change, reactions to developments in the market-place will have to be swift. So employees at all levels will have to be better trained, more educated, technically competent and aware.

With this backdrop, let me address some of the issues that we need to tackle in the future years.

1. Demand for managerial personnel

There is keen demand today for talented people, particularly managers, unlike ever in the past. As industries and the service sector of the economy grow, this trend will strengthen. Lipton, who is engaged in very competitive businesses, will have to be proactive while at the same time preserving its time-tested value system. Our reward system, work culture, and ability to provide career growth opportunities will all be closely under review to meet the challenge. The world is shrinking rapidly and young people who are achievement-oriented will be drawn increasingly by global opportunities.

2. Linkage with the educational system

An allied area where perhaps industry in general will have to focus on more sharply is increasing the availability of the right calibre of people; this will require industry to initiate suitable linkages with academic and technical institutions. This is a step needed not only to enhance the number of people available for managing businesses in the future but to make them competitive with products and services of international calibre. This in turn will equip the country for opportunities in international trade, an area that will grow in importance.

3. Facing up to a new kind of competition

For nearly four decades India has remained a sheltered market. But with liberalisation, all of a sudden there is need for a new breed of personnel who have to understand competition in all its aggressive forms. This calls for a market and customer orientation of a kind vastly different from the one that we have known in our sheltered years. Human resources development in future has therefore to adapt to this emerging scenario.

4. Training intensity

One of the major issues will be training. Since shortage of the right type of people is likely to be a fact of life, the standards of internal training systems will have to be moulded so as to enhance the promotability potential of an increasing number of people from within.

Since the pace of change in technology and consumer preferences will be more rapid, employees will have to keep learning newer and newer things to cope with the demands of change. So nimbleness of mind that needs to be cultivated through acquisition of new knowledge and skills and hands-on training will be of a very different order. People in charge of HRD will have to recognise this right from the stage of selection of employees so that making people respond and adapt to change in the business environment becomes an integral part of the business strategy.

5. Challenge of motivation

Since the new employees and managers will be of a calibre selected with an eye on the future, they will all be of similar high competence levels. It will be a challenge to keep motivating them. It is conceivable that organisational structure will have to be looked at innovatively in order to meet the motivational needs of people and 'position' them in jobs with the right type of responsibility.

Introduction of high technology and work groups operating without the traditional band of supervisors or inspectors will become more common. Such 'semi-autonomous work groups' will have to be trained to have the motivation to take care of equipment and meet output targets and tough quality standards.

This will also demand leadership attributes of a high order on the part of people manning such decentralised operations.

Conclusion

Lipton has changed remarkably in the last ten years. Its human resources were channelled to respond to the imperatives of change. We encountered severe problems as the decade opened. We overcame them and turned around the tea business. The process has progressed to such an extent that today Lipton is investing capital in developing this business further. In fact, only recently Lipton opened in Etah, Uttar Pradesh, a modern tea factory to produce packet teas and instant tea concentrate. The commercial goals have become better focused and the distribution system is being reshaped to meet the needs of the business today. The company's Tea Exports business too has become an efficient and growing operation.

From being a single product business, Lipton emerged as a multi-product enterprise in 1984. More units and more people have joined the Lipton family. Team-building and team effectiveness have been achieved with emphasis on training and motivational inputs.

The tea business and other businesses such as Edible Fats, Dairy Products and Animal Feeds which Lipton acquired later have all grown profitably in these years.

The human resources that Lipton has built over this decade of challenge will enable the company to face the future. The future will undoubtedly bring forth several difficult issues, but your company is already conscious of some of them, and I, therefore, have confidence that the business will be in the hands of highly competent people.

Lipton

LIPTON INDIA LIMITED

This does not purport to be the proceedings of the Annual General Meeting.

If you wish to obtain a copy of this AGM address in a booklet form, please write to: The Communications Department, Lipton India Limited, 9/2, Mahatma Gandhi Road, Bangalore 560 001.

LINTAS BLR LIL G P7 2436

MARKET LAUNCHES

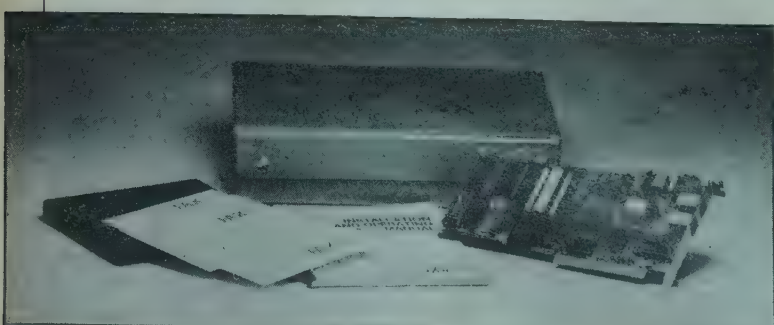
Systemates (Rare Software), a Bombay-based software development and marketing outfit, has developed a signature verification program called Signature Image Retrieval (Sir) software. All one needs is a personal computer with a 20 MB hard disk and a hand-held scanner. Using Sir, one can scan signatures and store the digitised image formed on the hard disk in compressed form. When the need to verify a signature arises, it can be recalled from the hard disk quickly and a comparision can be made. Some 25,000-30,000 folios/accounts (with multiple signatures) can be stored on a 20 MB hard disk. Sir also allows the keying in of a limited amount of textual information related to each folio/account.

The company is offering Sir along with the hand-held scanner on a licence basis under an assurance from the licensee that he will not encourage piracy of the software purchased.

Contact: Systemates (Rare Software), Shankar Bhavan, Second Floor, French Bridge, Near Opera House, Bombay 400 007. Tel: 8111760.

* * * * * * * *

This one is for quick communication buffs. New Delhi-based Guard Electronics Pvt Ltd is offering the Guard Fax-96 — a 9600 bps fax card. Guard Fax-96 can be plugged into a free slot in a PC, PC/XT, PC/AT or any other IBM compatible. And fax mesages can be sent anywhere in the world using a telephone line. A menu-driven software helps users to receive, display and print all graphic and textual messages, including print files of programs like WordStar, Dr Halo, Paintbrush etc. Also, messages can be received unattended (say at night) by incorporating an optional device which turns the computer on, saves the message and switches the computer off. The fax card has got the nod from the department of telecommunications.


THE GUARD FAX-96

The system can also be used to transmit data to any other computer having a Guard Fax-96 card as it contains a built-in high-speed modem.

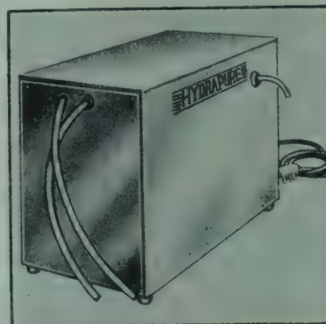
Contact: Guard Electronics Pvt Ltd, B-29/B, Kailash Colony, New Delhi —110 048. Tel: 6461198, 6467719.

* * * * * * * *

Ankleshwar (Gujarat)-based Accumulator Products of India Ltd (APIL) has launched automotive batteries under the brandname Sumo. The polypropylene batteries have lower antimony content than normal batteries, shorter corrosion-resistant plates, more electrolyte and a radial grid design, the company claims. APIL is also planning to launch its industrial standby batteries soon. They have a tubular design and are available up to maximum capacity of 400 amps.

* * * * * * * *

Baroda (Gujarat)-based Hydranautics Membranes has started marketing Hydrapure HP-10 — a domestic potable water system based on the reverse osmosis process. The unit needs single phase 220V, 5 amp domestic power supply and can be operated for 4-6 hours continuously. It removes 85 % of the hardness-imparting salts and other dissolved solids, over 90% of total dissolved organisms, bacteria, pyrogen and most viruses, and can produce up to 10 litres per hour of potable water. Even brackish water containing up to 1,500 parts per million of total dissolved salts can be made potable using Hydrapure HP-10, the company claims. It can be installed in homes, labs, clinics, hotels and offices.



THE HYDRAPURE HP-10

Contact: Sales manager, Hydranautics Membranes India Ltd, Baroda, Gujarat-389 330. Tel: Vadodara (0265)-321949; Derol-208.

* * * * * * * *

How about a system that lets you know exactly which department your employee last visited ? DCM Data Products' Apricot-III, a non-keyboard data collection system does exactly that. Besides, it also functions as an attendance-recording system. Designed around the Intel 80C31 microcontroller, it can have 32 terminals connected. Each terminal communicates with the host via a multiplexer on a RS 485 interface.

Up to 1,000 records of employee code, date and time can be retained in the terminals' memory, which can work independently of the host unit also. Information about the individual is got by the terminal when an employee inserts an identity-cum-attendance card, and it stamps the time of access onto the card. The system also has a built-in facility to prevent unauthorised entry. The records can be downloaded to the host unit, allowing attendance related reports to be produced. The employee's movements can be monitored if the terminals are networked at multiple sites. A manager can then access the employee's database maintained by the system and consequently track down the last place he visited on site.

Contact: DCM Data Products, Vikrant Tower, 4, Rajendra Palace, New Delhi-110 008. Tel: 5719967-76. Telex: 031-61830.

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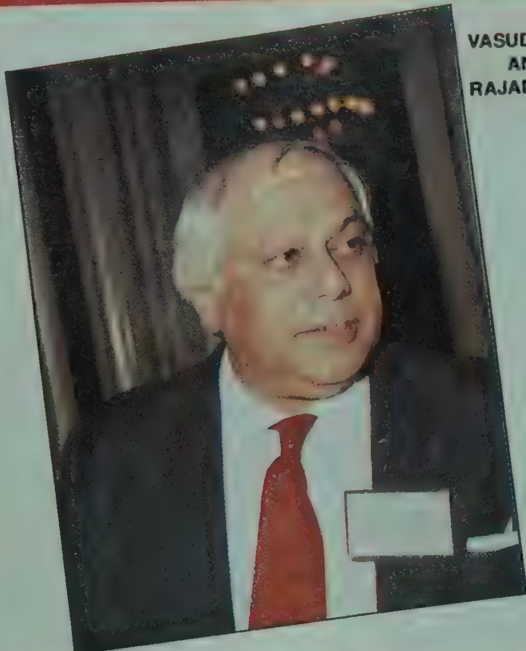
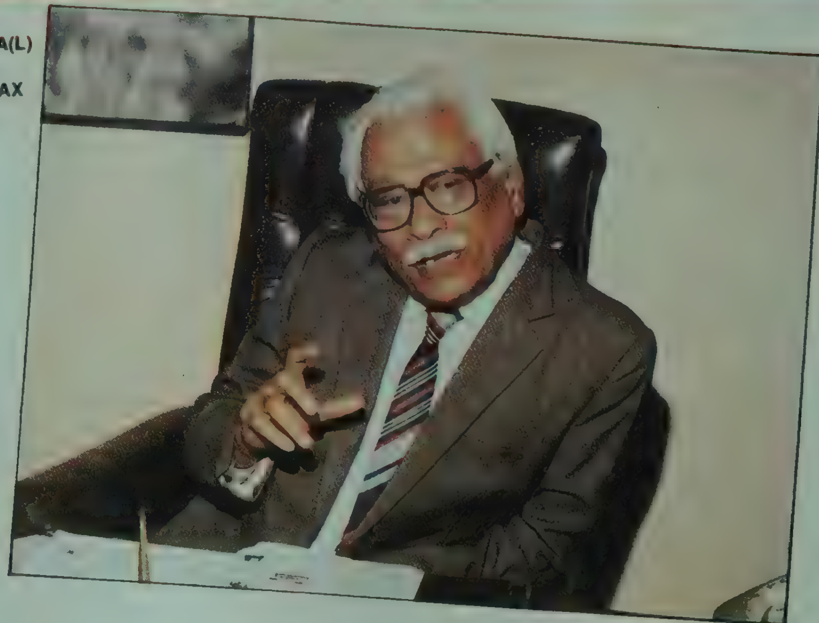


VASUDEVA(L) AND RAJADHYAX



MARKETING HOTSHOTS

They are the market makers. They are the dreamers of dreams. And every once in a while, when their vision takes concrete shape, the marketplace applauds with the ringing of cash registers.

For the most part they are faceless, these wizards of Indian marketing. Practically everybody has heard of a Nirma, a Pan Parag, a Wheel or a Hawkins. But the men behind the successes are largely unknown and unfeted.

In an environment sans competition, there is also an impression that marketing is just so much jargon. "The marketing mix is akin to a wheel," says Ram Ray, chairman and managing director of Calcutta-based ad agency Response. "Some companies are interested in some cogs of the wheel. There is no one doing it all." There are no marketing wizards in India, he adds firmly.

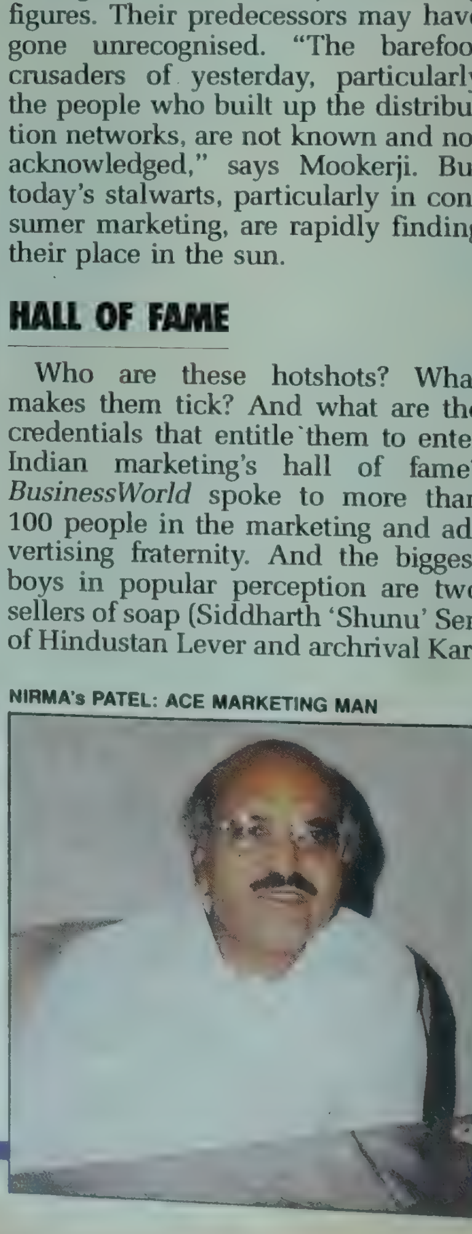
Not everybody is so dismissive. Growing competition, the consumer boom and the host of new entrants in the marketplace have seen not just the emergence of the marketing man but also the realisation that some of them were around all the time. "It is true that the focus earlier was on demand management and shortages," says ITC general manager (marketing) Khokan Mookerji. "But now, in many areas, it is definitely on demand creation and surpluses."

And riding the competitive tide of the eighties are some major marketing figures. Their predecessors may have gone unrecognised. "The barefoot crusaders of yesterday, particularly the people who built up the distribution networks, are not known and not acknowledged," says Mookerji. But today's stalwarts, particularly in consumer marketing, are rapidly finding their place in the sun.

HALL OF FAME

Who are these hotshots? What makes them tick? And what are the credentials that entitle them to enter Indian marketing's hall of fame? *BusinessWorld* spoke to more than 100 people in the marketing and advertising fraternity. And the biggest boys in popular perception are two sellers of soap (Siddharth 'Shunu' Sen of Hindustan Lever and archrival Karsanbhai Patel of Nirma), a pressure cooker hawker (Hawkins chairman and managing director Brahm Vasudeva), the vendor of Vicks (Gurcharan Das of Procter & Gamble), the purveyor of Promise toothpaste (N.S. Rajadhyax of Balsara Hygiene), the Pan Parag man (M.M. Kothari of Kothari Products) and the country's first banker without marketing blinkers (Jaithirth 'Jerry' Rao of Citibank). But others, and there is a goodly number of them, are not too far behind.

NIRMA's PATEL: ACE MARKETING MAN



Meet Shunu Sen. A Levers man to the core, he has been with the company for more than 30 years. "I sometimes feel I was born 10 years too early," he says. "There is going to be so much more excitement in the marketplace soon."

Sen has presided over a lot of Levers' launches. Fifteen years ago with Wheel detergent bar he took Swastik's Super 77 to the cleaners. "We became the market leader in just one year," he says.

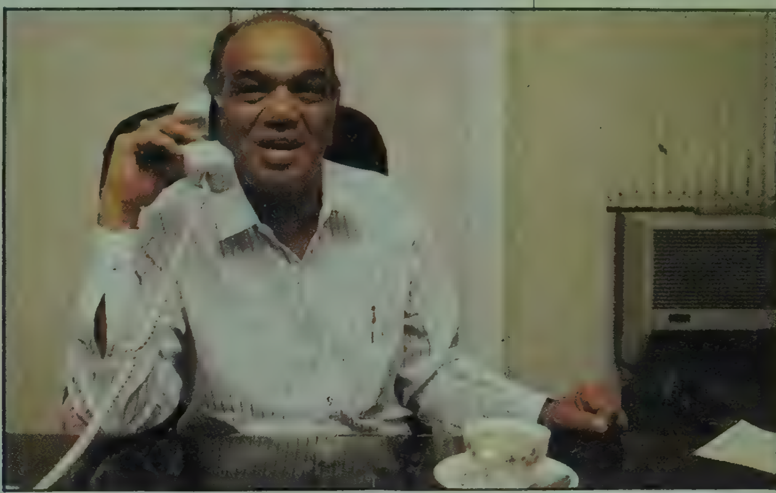
More recently he has successfully stemmed the Nirma tide with Wheel detergent powder (see *BW* 9-22 May 1990). Among his many launches and relaunches in soaps & detergents and personal products (shampoo, toothpaste, talcum powder *et al*) he has had a success rate of one in every three products. "In India, one out of 10 is a good strike rate," explains Rajadhyax of Balsara.

Sen feels the current challenge is coping with the fast changes in the marketplace. "Earlier a marketer had just to do his work well," he says. "Today he has to be a catalyst in the market."

A catalyst is something which Sen's *bete noire* — Karsanbhai Patel — undoubtedly has been. "That guy is smarter than any multinational any day," says Sudhir Lal, managing director of Delhi-based ad agency Megacorp.

Karsanbhai's genius lay in recognising a market where none thought one existed. "I have always expanded the market," he told *BusinessWorld* some time back. "I'm not after anybody's marketshare."

Karsanbhai could well have been one of those barefoot pioneers Mookerji of ITC talks about, but the sheer size of his success has brought recognition. As a person he is unassuming but very much hands on: in the fledgling years he was personally going door to door selling to friends and relatives. Even in the big league today (see *BW* 20 July-2 August 1988),



PAN PARAG's KOTHARI (TOP) AND SEN

THE LEARNING CURVE

The flip side of marketing successes are the flops. Everybody has them; even Nirma started life as a liquid detergent which just wouldn't take off.

The measure of a successful marketing man is how he learns from such failures. Consider the experience of Brahm Vasudeva, CMD of Hawkins Cookers. He first strayed from the pressure cooker path with a magazine styled *Four Seasons*. That lasted some eight seasons, cost a packet and was closed down. Then came a range of electrical kitchen appliances ("which, after eight years, is only now paying its way"). This was followed by the launch of Hawkins masalas which immediately ran into distribution snafus. It's still to take off; but, with just a two-year run, it's early days yet. The latest venture into cookware, however, has begun paying dividends from year one. "There is obviously a learning curve," says Vasudeva.

Lacking fizz. Parle supremo Ramesh Chauhan has, no doubt, some mega-successes in Limca and Thums Up. But he has also had products which lacked fizz. Pepino, a Coke me-too in 1973-74, had no pep and quickly made its way into limbo. His two fast-food forays — Big Bite and Bisca — also disappeared from the marketplace just as fast. "We lacked commitment," says Chauhan. "In the Bisca relaunch (see page 15), we intend to see that we don't repeat our mistakes."

Others have had similar experiences. Hindustan Lever marketing director (soaps and detergents) Shunu Sen talks of Pepsodent toothpaste "which had to be put to sleep." And the same company's vice-president (personal products) V. Kasturirangan narrates the instance of Solar, a lower-end detergent bar which was rolled out nationally too soon. "We over-reached," he says.

Success and failure. Amit Sengupta, former managing director of Clarion, talks about his marketing experience with Rothmans cigarettes while with Duncan Agro.

"It was a success and a failure," he says. "The success was in getting government permission to use a foreign brandname. The failure was in pricing it too high. All it did was legitimise the selling of smuggled Rothmans."

Another Duncan's flop was a packaged tea styled Come Home. It singularly failed to bring home the bacon. The reason, explains Lintas director (marketing), P. Kakkar who was also in Duncan along with Sengupta, is that "we didn't budget for it. The product had everything going for it but the funds to sustain it in the marketplace."

Everyone has his favourite failure to talk about. Citibank CEO Jerry Rao cites Premium Cheques, which were supposed to be a substitute for cash usable at certain outlets. "Eventually the establishments told us that they would accept ordinary Citibank cheques anyway," says Rao. "We didn't need something like Premium Cheques at all. It didn't work."

Yes, everyone has his favourite failures. But there are a couple of caveats.

First, only the really successful marketing men talk about their own disaster stories. Second, they can afford to; none of the flops are of the dimensions of a Cadbury's Appela or a Noble Soya's Great Shake, marketing efforts that set the companies' progress back by several years. The moral: the successful marketing man can afford to blot his copybook but not to the extent of soaking it in red ink.

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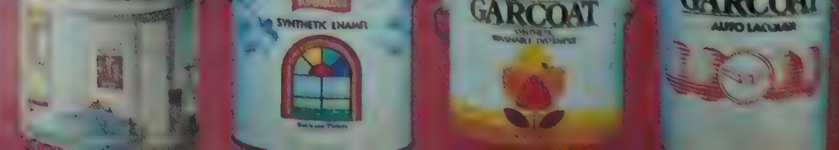


MARKETING MAYHEM

As competition comes into its own, the trenches of marketing warfare will no longer be in the marketplace. Rather, they will move to the courts — the legal blind alleys, bylanes and bylaws. "Companies should be prepared for beyond-the-marketplace problems," says ITC general manager (marketing services) Khokan Mookerji. "Management of competition is going to be of critical importance."

The process has already started. ITC's Sundrop sunflower oil was embroiled in some minor "quasi-legal" hassles, Cadbury's Chocobix was taken to the court by Bakeman, and Christine Hoden and Johnson & Johnson have been having a running legal feud for nearly two decades in the sanitary napkins arena.

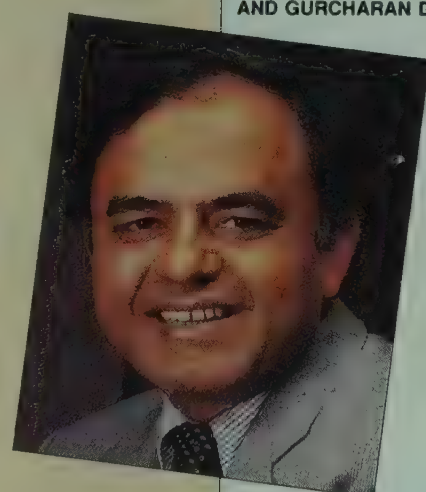
Campaign stopped. It's not just the courts: the Monopolies & Restrictive Trade Practices Commission (MRTPC) has also got into the act. Witness the experience of S.K. Khaitan, chairman of the Khaitan group of companies. One of his recent advertising campaigns for his fans has been stopped by MRTPC.

Explains Khaitan: "We had claimed that we were the only people making the fans entirely in-house. Our competitors went to the MRTPC with the balance-sheet of our marketing company and contended that all its sales were being sourced from outside. Actually, it is all from our sister manufacturing companies. The MRTPC, without looking further, stopped our ads. This is a mockery of the law."

Or take Nirma. Karsanbhai launched a Lifebuoy category toilet soap styled Nirma Boy and was promptly sent a legal notice by Hindustan Lever's solicitors. He changed the name to Nirma Bath and another legal notice followed.

One does not feel that Karsanbhai has been serious in these attempts: he is probably just twisting the tail of his favourite tabby. But the effects of such guerilla tactics can be very damaging indeed.

Serious setbacks. "In both Promise and Babool, we had serious setbacks because Colgate took us to court and obtained a stay on our sales," says Balsara Hygiene director N.S. Rajadhyax. "For Babool, alone, the cost of the relaunch and opportunity lost was Rs 1 crore."



JERRY RAO (TOP) AND GURCHARAN DAS

That's legal streetfighting, a must in the armoury of tomorrow's successful marketing man. There is an illegal variety too — broken soft drink bottles, blades dipped in salt and repacked, cockroaches inserted in sealed tins... it's a large repertoire of dirty tricks. "To do business in India today you have to get your hands dirty," says Parle supremo Ramesh Chauhan. He hastens to add that it's a literal statement: one must be prepared to go to the shopfloor and physically deal with the nitty-gritty. But, as competition reaches cut-throat dimensions, the metaphorical meaning, too, is rapidly coming true.

he is still involved with the nitty-gritty. His production methods are of the backyard variety, his marketing approach unconventional (he broke with accepted marketing thinking that a low-price product should not have high promotion); but he is the largest detergent manufacturer in the world. His homespun philosophy: give quality at the right price and whatever you make will sell on its own.

There are some, however, who question Karsanbhai's presence on this august list. "Karsanbhai is not a marketing man," says Polynova managing director Shashi Dash, himself one of the leading marketing lights. "He is a very, very shrewd entrepreneur." But, as he amplifies himself: "An entrepreneur is a born marketing man; that's why he is an entrepreneur."

Another such entrepreneur who rates high on the talents' list is Pan Parag's Kothari. He has a lot in common with Karsanbhai. "Like him, I came up from the bottom," says Kothari. "Before 1973, when Pan Parag was started, I was not in a position to survive very well myself."

Pan Parag's success is generally considered one of packaging. In 1985, when only the tinned Pan Parag was available sales were a meagre Rs 2 crores. Today, it has touched Rs 50 crores and the company sells 25 lakh pouches a day. "We targeted at the burgeoning middle-class and the college student," says son Deepak Kothari. "And we designed the pack accordingly."

But old man Kothari had his other marketing ducks lined up to withstand competition. The Pan Parag formula, a la Coca-Cola, is a secret: Kothari himself mixes it under wraps in the middle of the night. That may be just so much bunk when it comes to a product plus, but in consumer perception Pan Parag has an aura which competition cannot match. "The Karsanbhais and the Kotharis know the marketplace and the consumer," says Lintas director (marketing services) Pradeep Kakkar. "They use the cultural trump card in scoring their tricks. That's where the MNCs fail."

The MNCs have been failing (see box p59). But not all of them. Gurcharan Das of Procter & Gamble (P&G), for one, has no flies on him. "We are a company which wants to go into the mainstream of marketing — the mass markets," he says. "We believe that we

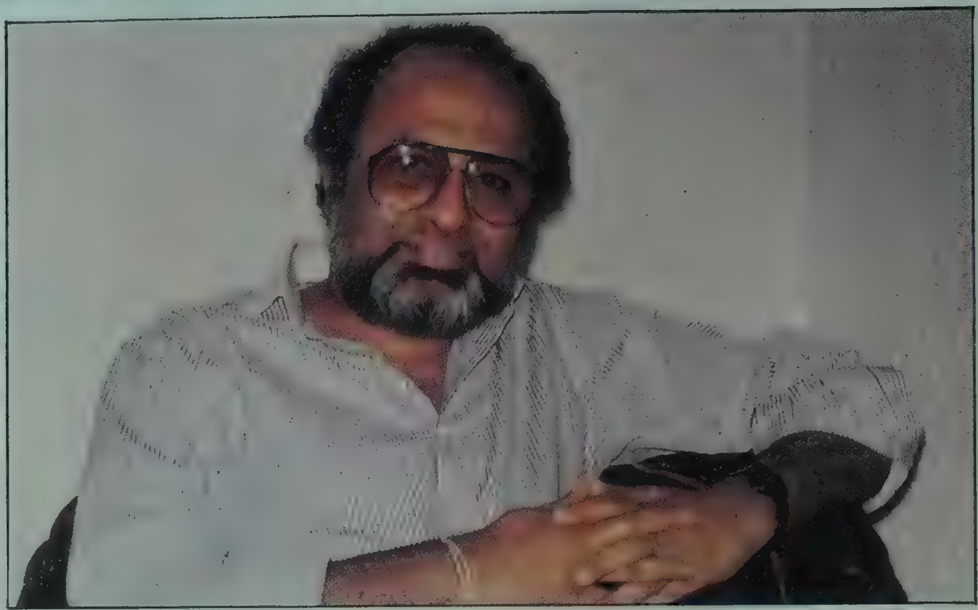
ONE STEP BEYOND

Where do advertising agencies figure in the marketing effort? Are they merely there to dot the 'i's and cross the 't's in a detailed brief when the product, price, place and packaging have been decided? Or do they have a more comprehensive role to play?

It all depends.

"The bulk of the agencies just take a brief and implement it," says Enterprise CMD Mohammed Khan. "Some, however, are pro-active and contribute to the product."

Khan cites the example of VST Industries' Charms. "A cigarette is a cigarette is a cigarette; we had to give it an identity," he says. Enterprise came up with the name ("we didn't invent it, we just listened — that's what people were calling Charminar cigarettes"), suggested the denim style for packaging, created the right ambience and the rest is history.



KHAN IS PRO-ACTIVE

Involvement. "An agency must really get involved in the marketing strategy process," says K. Ravi, the Bombay-based general manager of Mudra. "It can even contribute to the product form and the product taste apart from brandname, packaging and brand identity."

This is generally true when the client is small, even more so when he is a first-time advertiser. Take the Gold Cafe launch. For the agency handling the account, Delhi-based Megacorp, it was a day-in-day-out involvement, says managing director Sudhir Lal. "We did all the marketing nitty-gritty, the research, the package design, the works."

Megacorp went beyond that: it tried its hand at PR too. "We positioned Gold Cafe as the underdog in the press," says Lal. And it worked. Explains Tara Sinha, chief of Tara Sinha Associates: "Gold Cafe was a media launch. Its initial success was because of press reports that hyped up the David vs Goliath factor."

Marketing mix. That's definitely going beyond a mere brief. But Ram Ray, CMD of Calcutta-based Response has shown how an ad agency can even go one step further. Response went and developed a product — NatureCare, a laxative substitute. It gave it the name, the flavour, the taste, the packaging... in sum, all elements of the marketing mix. It then went around looking for a manufacturer, found a logical one in Dabur and promptly got itself another client. "Agencies and their clients should be like Tweedledee and Tweedledum," says Ray.

RAVI WANTS TO GET INVOLVED

Hindustan Thompson Associates (HTA) CEO M.K. 'Mike' Khanna probably wouldn't go that far. "It is in the areas of strategic thinking and positioning that advertising agencies can play a very important role." His example: the Maruti van which had proved a sloth in the market. HTA gave it a name — Omni — and promoted it as a car. As a van it was small; as a car it was extra spacious. The sales graph shot up.

All this, of course, needs a great deal of rapport between client and agency. Shunu Sen of Hindustan Lever has a curious story in this context. In his early days in the company he was sent to Lintas, then a Unilever subsidiary, for training. There he worked for nine months on a campaign for Breeze soap. Back in Levers, he was put in charge of Breeze. His first act was to scrap the campaign he had himself developed. Perspectives change depending on which side of the fence one is on.

must be close to the consumer. In our company, all the people, whatever the department, have to go out and meet 20 customers and 20 retailers. They have to spend at least two days in the market every year."

Das has impeccable credentials (people did say that P&G was hibernating, but that's no longer credible after the launch of Whisper sanitary napkin which, says Das, will be "the marketing success of the nineties"). But he would not be liked to be termed as a marketing hotshot. "It's a team effort," he says.

That's echoed by Citibank's Jerry Rao. "I am no marketing man," he says. "I am just a good recruiter of marketing people."

But both within Citibank and outside, Rao is recognised as the marketing motive force behind Citi's consumer banking foray. "It was like a breath of fresh air," says Mudra's Bombay-based general manager K. Ravi. "He gave a marketing dimension to financial products."

Rao's major success has been in mobilising non-resident Indian deposits but he is better known at home for the splash made by the Unfixed Deposits scheme. "It was not really a new product," he says. "People could always get loans against fixed deposits. Only, the procedure was extremely cumbersome. We just made it easier; we gave a cheque book to enable withdrawals right in the beginning."

SOAP SELLERS

"We are all selling soap in one way or the other," adds Rao. "But there is one big difference. My money and your money has the same colour. So what we (in the banks) have to sell on is service."

Rao deserves additional kudos for another reason: he brought marketing in an industry of fuddy-duddy accountants and numbers men. It wasn't easy. "There was resistance at first," admits Rao. "Within the company people were sceptical. I had to back the marketing types to the hilt in the beginning even when they were wrong."

Like Rao, Hawkins Cookers chairman and managing director Brahm Vasudeva has some objections to being labelled a hotshot. "That's in part because I am superstitious," he says. "But it is also because it could be meaningless. If a man dresses well, talks well, you automatically assume that he is excellent in marketing. It is a halo effect. The real marketing men are the Karsanbhais."

But Vasudeva has done Hawkins proud. Joining the company after 10 years in Hindustan Lever, he has seen it progress from a poor number two in the pressure cooker market to unchal-

FROM LEFT TO RIGHT: POLYNOVA's DASH, HMM's CHIBB AND VOTLAS' CHOPRA

THE DINOSAURS ADAPT

The multinational dinosaur is in trouble. It is not just a Hindustan Lever which got a rude shock from Nirma; many supposedly good marketing MNCs are losing their marketplace battles.

"Indian companies are fast on their feet," says K. Ravi, Mudra's Bombay-based general manager. "The MNCs have to wait for somebody to clear their decisions." S. Bhakat, Jagatjit Industries vice-president who has taken on Pepsi's snackfood with Binnie's potato chips is more direct. "Pepsi cannot succeed," says he. "Its executives cannot take on-the-spot decisions. Pepsi India cannot go to the bathroom without permission from Pepsi International."

"All multinationals are poor in marketing," says Parle boss Ramesh Chauhan. "They know it; their failure rate is so high. Today, in the west, they have given up launching products; they are buying companies instead."

There is, of course, the other point of view. Procter & Gamble CEO Gurcharan Das, for one, does not think the MNCs are losing out. "We are doing fine," he says. "I think the others are too."

But what about the Nirmas and the Rasnas? (The latter succeeded where General Foods came a cropper.) Pradeep Kakkar, Lintas director (marketing services) has an answer: "For the markets which the MNC recognises, it certainly knows much more." The trouble, then, is a certain amount of marketing myopia.

Why? Hawkins CMD Brahm Vasudeva feels that it is because of the restrictive industrial and licensing climate in India. "Multinationals have been unwilling to put in resources — both financial and managerial — in India," he says.

Does that mean that the days of the lazy and lethargic multinational are numbered? Yes, but not in the way one would expect. "The multinationals have a lot of marketing talent and experience and they are changing fast," says Balsara Hygiene director N.S. Rajadhyax.

Faster on feet. "Today we are not notebook-bound," says ITC general manager (marketing) Khokan Mookerji. He thinks that just as Indian entrepreneurs are acquiring sophisticated marketing skills, the MNCs are becoming faster on their feet.

"Nothing is inherently superior about the Indian entrepreneur or the multinational," says Kakkar of Lintas. "Eventually marketing technology is going to even out. Products will succeed or fail regardless of the pedigree of the business." In the ultimate analysis, Judy O'Grady and the colonel's lady are sisters under the skin.

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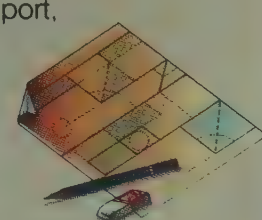

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lenged leader.

He showed his mettle from the early days at Levers. Surf was being launched at that time and the company had set itself a target of 3,500 tonnes in 10 years. Vasudeva made a presentation which showed them how to sell 10,000 tonnes in the same timeframe. His plan was accepted and he was told to go ahead and implement it. "By the time I left, they were well on course," he says.

In Hawkins the first thing he did was to get rid of sole selling agent Killick Nixon ("They were acting as product rationing controllers, not marketing people"). Product improvements and innovative marketing schemes followed. "In five years we had overtaken Prestige and have retained the lead for the past 15 years," he says.

Among Vasudeva's innovations (it sounds simple but one had to think of it): a hire-purchase scheme for pressure cookers. "That was in the mid-seventies when the economy was on a downslide," says Dash of Polynova who was doing a stint in Hawkins at that time. "People could not afford Rs 300, but they could very well afford Rs. 70." They did.

Like Vasudeva, Balsara's Rajadhyax learned his marketing ropes in Hindustan Lever: he spent 23 years there. That, together with the 21 years he has put in at Balsara, surely makes him the grand old man in this assembly.

CLOCKWISE FROM TOP RIGHT: PARLE's CHAUHAN, ITC's MOOKERJI, STENCIL's JUDGE AND TITAN's DESAI

LOYAL TRADE

Rajadhyax gave the marketing inspiration to Balsara's move from sanitaryware to consumer products. He steered the 'Odo' range (Odonil, Odomos, etc) and various other products. "Over the years we have built up a very loyal trade network," he says. "That has been our biggest accomplishment."

The crowning glory came, perhaps, with Promise — the toothpaste that took on the might of Colgate where so many multinationals had failed to make a dent. "There was not much money around," he remembers. "So we had to try all sorts of inexpensive promotions." Promise was one of the first to make insertions in the classified columns of the newspapers, a device used to much effect by Reliance Petrochemicals to promote its public issue. It also had a money back scheme on the exhausted tube: the price of an empty Promise was set at 25 paise. There were problems; outlets like chemists' shops objected. Rajadhyax still remembers what one of them told him: "Next you will become the marketing manager of Johnson & Johnson and convince us to accept a similar scheme with Stayfree."

Rajadhyax stayed free of such temptations; changing too many jobs has not been his wont. The same is true, too, of J.C. Chopra, senior vice-president of Voltas. He has other things in common with Rajadhyax: he spent 30 years in Hindustan Lever, finally leaving, though he does not spell it out in so many words, because the company was losing its marketing orientation.

Chopra believes in doing the simple things well ("marketing is largely a matter of small, simple things"). Says he: "I went out and listened to the consumer, found out what he wanted and gave him that." In air-conditioners, he was the first to launch a split AC. In refrigerators, he was the first to bring out coloured models. "If we could have different colours in Lux, why not here too?" he asks. "Basically, it is the same lemon; we are all trying to find a way of getting some more juice out of it."

Getting some more juice out of a product, perhaps a shade more literally, is S.P. Mathur of Sumeet. He started his mixie business, now a household word, in 1961. Simultaneously, he kept up his job with Siemens till 1978. "A lot of hard work, of course," he says.

Mathur's approach was simple: give a product that works. The models available in the Sumeet launch days were not up to the heavy duty grinding required for Indian cusine. "We gave them a sturdy machine without any frills," says Mathur. Promotion was mainly through demonstrations and the approach worked. "I knew all the advanced marketing techniques," adds Mathur. "But I didn't think it necessary to use them." One more plus for the entrepreneur and a minus for the MNCs.

Another such example: Gold Cafe from Indodan Industries. When Indodan boss H.S. Jalan first broached

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DRIVEN BY THE CONSUMER

All work and no play makes Jack a dull boy, but India's ace marketing men wouldn't have it any other way. "I enjoy it," says Hawkins CMD Brahm Vasudeva. "I put in 50 to 60 hours a week and I wish it were less. But nobody's catching me by the scruff of the neck and dragging me here."

V. Kasturirangan, Hindustan Lever vice-president (personal products) often has an 8 am to 8 pm workday. And he is out of station 5-10 days a month.

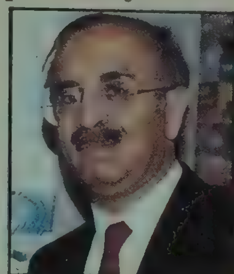
"I have hardly any time for social activities," says Spartek Ceramic managing director Krishnaprasad Tripuraneni. "I work 12 hours a day and even put in 8-10 hours on Sundays." Adds M.M. Kothari, managing director of Kothari Products, the Pan Parag people: "We work at least 12 hours every day."

On the move. The true marketing man also likes to be close to the consumer. That means being on the move, if not to other centres, within the city itself. "I am useless as a marketing man unless I travel," says J.C. Chopra, senior vice-president of Voltas. "I need to feel the pulse of the consumers. Of course, I can depend on reports. But, more often than not, they tell you what you want to know and not the reality in the marketplace."

No social life. Understandably, all this leaves very little time for social life. "The Indian wife is very understanding," says Balsara director N.S. Rajadhyax. "Otherwise..."

Marketing men in multinationals have an additional obligation; attendance at corporate cocktail parties is practically mandatory. Indian entrepreneurs, however, have a more homespun philosophy. "Why should I try and build up a public image, a status, which I don't have?" asks Indana chief H.S. Jalan. "I leave it all to the multinational butterflies."

Work — and work with one's nose to the grindstone — is the rule. But every rule has its exceptions. "Today, on my own, I do spend less time at work," says Prakash Ahuja, a former Indian Organics executive who now runs his own Mothercare retail chain. "Of course, I find time for social engagements," adds Vinita Bali, Cadbury India general manager (marketing). "I make the time." And Amit Judge, managing director of Stencil Apparel, the largest hawker of branded shirts in the country rounds off the argument: "I am no workaholic. I leave work in good time, I enjoy my holidays and want my Sunday golf." While Stencil has unquestionably made a splash in the marketplace, in turnover terms it is still small. When it does become bigger, would Judge want to judge that again?




CLOCKWISE FROM TOP RIGHT: ITC's NARAYAN, LEVERS' KASTURIRANGAN, CADBURY's BALI AND MOTHERCARE's AHUJA

the idea "everyone thought I was mad". Nestle was solidly perched with Nescafe and had, a few years earlier, given a drubbing to poacher on its preserve, Brooke Bond.

FREE OFFER

Jalan also threw conventional marketing wisdom to the winds. His ad agency, Clarion, did some market research and came up with the name Planter's Special No 1 as favourite. Jalan stuck to Gold Cafe. He also wanted the product to be launched with a free offer. That too jarred. "Sophisticated thinking was that launching a product with a free offer was like giving alcohol to a giant," says Sudhir Lal of Megacorp, the agency to which the Indodan account shifted later. "The product would get addicted to offers."

But Jalan stood by his views and Gold Cafe grabbed a substantial chunk of the market from Nescafe. Today, of course, it has been reduced to a little leaguer thanks to a case filed by Clarion against Megacorp which resulted in all Indodan advertising being suspended. "It is the money and the muscle power of the multinationals," says Jalan (he contends that Nestle was behind the move). "They don't know marketing. This sort of sabotage is all they are good for."

That's overdoing it a bit; the multinationals are not the only people who are resorting to other tactics to gain their way in the marketplace. With growing competition everyone is becoming a guerilla (see box p57); only, with their experience abroad, the multinationals today know how to go about it better.

Jalan, however, is not giving up. "I will sell coffee at the price of beans if necessary," he says. "But I will finish off Nescafe." Comments former Clarion managing director Amit Sengupta: "That's why he is not a marketing man. If he were, he would have negotiated an out-of-court settlement with Clarion and got the advertising ban lifted." But like Rajadhyax of Balsara who is prepared to sell his low price Babool toothpaste at a loss for five years and more, Jalan has something going for him. "To know what you want and to be prepared to wait for it is a very important ingredient of a marketing man," says V. Kasturirangan, Hindustan Lever vice-president (personal products).

REFURBISHED BRANDS

Kasturirangan has been in Hindustan Lever since 1973 after a short stint in Warner Hindustan. In his time he has refurbished all the Levers' personal products brands. But why not something new — a paucity of new brands has been one of the factors diluting Levers' reputation as an ace marketing outfit?

"Launching a new brand is extremely expensive," explains Kasturirangan. "It makes much more sense to develop the properties which we al-

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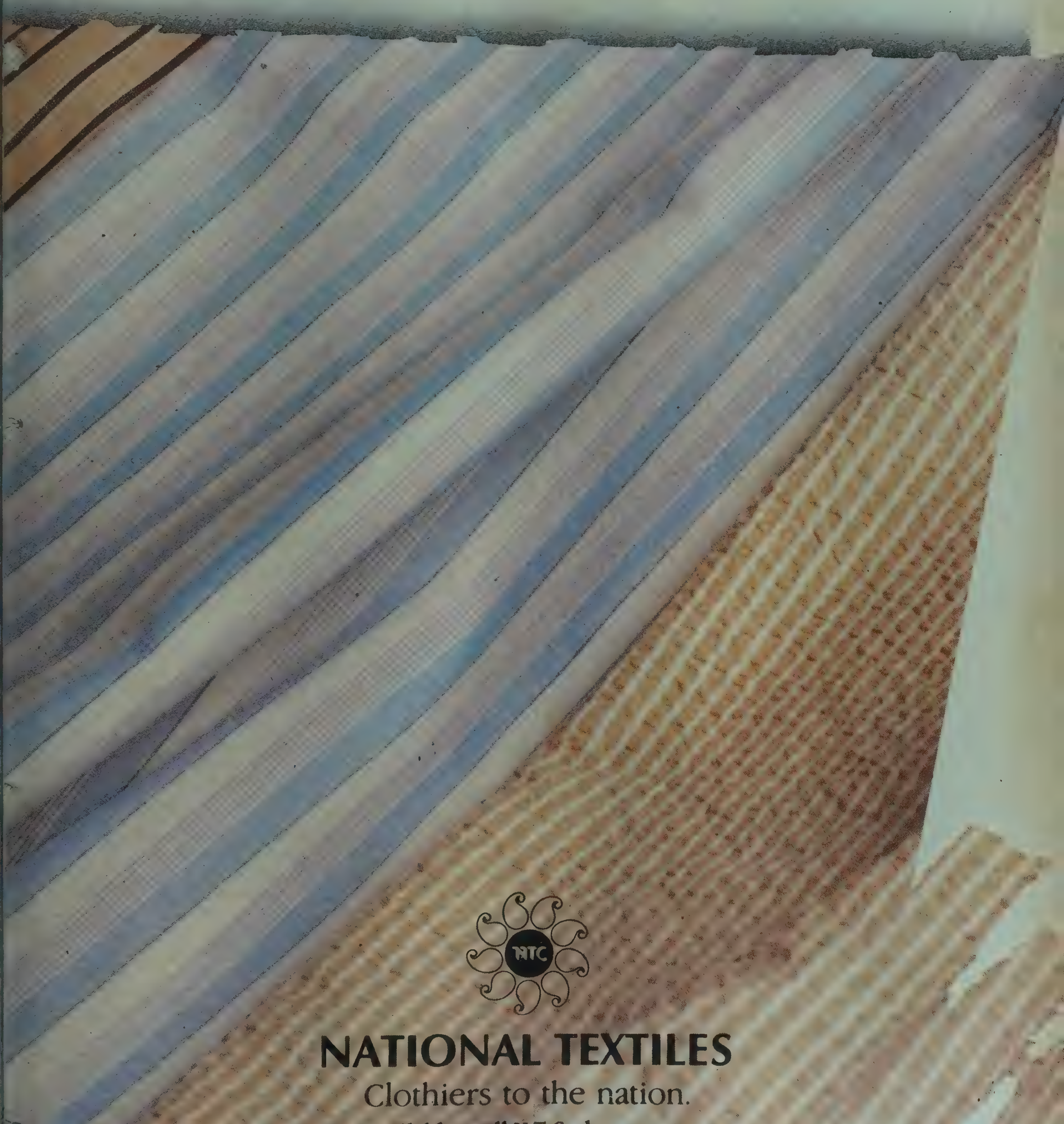

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ready possess." Kasturirangan also denies that Levers is slow to respond and that it needs an okay from the top (read Unilever) for small decisions. He cites the example of the Wheel detergent bar launch. Just as it was about to hit the market, the then leader Super 77 cut prices. "We didn't want to come in as a more expensive brand," he says. "In a few minutes we decided to match prices. In 48 hours we had the new packaging ready and in 72 we were out in the market."

Speed is something which Parle chief Ramesh Chauhan has also been banking on. With his very effective information system, Chauhan is very often ready with a counter to a competitor even before the rival product has been launched. Witness, for instance, the way all Parle soft drinks are being launched in 250 ml bottles to take on Pepsi which will be that size.

Chauhan is a great believer in promoting brand equity and he also has the hallmark of the entrepreneur — the ability to take risks. "When we launched Thums Up, there were some doubts about the name," he says. "It has certain unsavoury connotations. But once we decided, we went ahead. We splurged on TV. The capital investment on films ran into lakhs of rupees."

For him marketing is a game constantly played on the offensive ("We don't have defence strategies"). Does that imply that he really uses the marketplace terror tactics he is accused of by his competitors — lifting rival products, breaking bottles, et al. "I have never lifted a single of my competitors crates," he replies. "It's so childish. I don't want to be labelled a *badmash.*"

Prakash Ahuja, for one, would love people being childish, but for a different reason. The segment he has selected to become a big boy in is children's — more specifically babies' — products. Ahuja is managing director of Mothercare India which has a chain of outlets styled Little Kingdoms selling everything that a mother needs.

RETAIL REVOLUTION

Ahuja has, in fact, been at the forefront of the recent retail revolution; his first success was with Computer Point set up when he was an executive with Indian Organic. "I believe the potential of retailing has not been recognised in the country," says Ahuja. He's putting his money where his mouth is: another retail chain 'Ms,' intended for young mothers, will be flagged off very soon.

Also harping on the retail end, exclusive outlets this time, is Titan Watches. In a drab industry where time had stopped, Titan has proved that a watch can be a lifestyle too. Says the marketing inspiration behind it, managing director Xerxes Desai, who is also an amateur watch designer: "We succeeded in identifying, understanding and appreciating what the customer was looking for — a watch not merely as a time-keeping device but as an adornment, an expression of one's personality."

CLOCKWISE FROM TOP RIGHT: INDODAN's JALAN, MARUTI's GUPTA, SPARTEK's TRIPURANENI AND EX-CLARION MD SENGUPTA

If Desai has revolutionised the watch market, Spartek Ceramics managing director Krishnaprasad Tripuraneni has done as good a job in the flooring market. Today, Spartek is practically a generic name.

As Stencil might become in the shirts market tomorrow. Amit Judge, managing director of Stencil Apparel, is (like Karsanbhai) eyeing a virgin market. "I want to make available a readymade shirt which is cheaper than buying cloth and getting it stitched by the neighbourhood tailor," he says. He has done so and Stencil is already the largest selling brand making hay in a market where upper-end players like Reliance and Bombay Dyeing are seeking niches and losing their shirts.

MASSES, NOT CLASSES

Also a whale on low price strategy is Dash of Polynova (quoted earlier). "I believe in products for the masses and not the classes," he says. He did it in VIP and even more so in rival luggage manufacturer Aristocrat.

These are some of Indian marketing's leading lights. And that's not the entire spectrum.

In ITC, J. Narayan is keeping the company's cigarette brands in trim. Under him there has been an up-market move. Also in ITC, in the more exciting edible oil arena, is Khokan Mookerji. Under his guidance Sundrop sunflower oil became the leading branded refined oil in less than two years.

In Cadbury India, general manager (marketing) Vinita Bali is successfully keeping the company's chocolate flag flying. She was earlier a product manager in Voltas when she turned a little-known Rs 26 lakh regional brand named Jaffa into a Rs 1 crore Rasna in just a year.

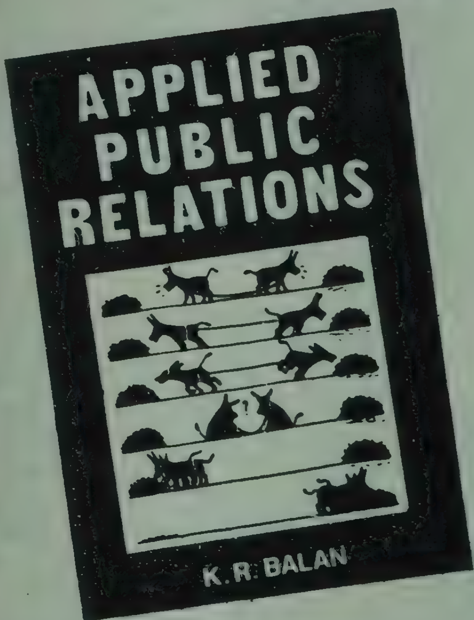
The honour list cannot be exhaustive: V. Narayanan of Pond's, Anup Chibb of HMM, D.S. Gupta of Maruti, D. Ramachandran of Dabur, S. Bhakat of Jagatjit, Ashok Vithlani of Rasna... there are many more contenders for the crown.

"A marketing man must have vision, he must be close to the consumer and he must be prepared to take a risk," says Kasturirangan of Levers. "If you think small, you'll stay small; if you think big, you'll go places."

Not everybody can be a Karsanbhai. But the Judges and the Jalans who are willing to give it a jolly good try could well end up as topdogs in tomorrow's marketing hotshot stakes.

■ *Parthasarathi Swami*
(With reports from George Skaria, Srinivas Vijay, N. Raghavan and Vinay Kamath)

'PR'ATTLING PONTIFICATION



(By K.R. Balan, published by Sultan Chand & Sons, pp.605, price: Rs 55.)

Some years ago, the chairman of AT&T, after a lot of deliberation, decided that his company would have to be broken up. Having taken that momentous decision, he asked for strategic advice from only two key persons. One was his chief legal counsel of whom he enquired: "How will we do this?" The other was his public relations officer to whom he said: "How will we explain it?"

With the public relations profession in India too having come of age as a reliable and cost-effective communication science, a good book written with the intention of making the discipline more easily understood is long overdue. The author's effort fails to come up to the mark, despite occasional stretches where he seems to do justice to the subject and to the profession.

Superficial treatment. In true textbook tradition, *Lectures* touches on almost every aspect of public relations beginning with its history, emergence in India, in-house public relations as well as counsel from consultants, dynamics of communication etc. In his desire to make the book thorough and all-encompassing, he actually ends up with a superficial treatment of a subject which could present immense possibilities to a writer genuinely interested in documenting the skill and savvy, excitement and challenge, humour and commitment that is public relations. One wishes that the author — "involved in teaching public relations at the graduate and postgraduate levels since 1975" and "formerly a senior business executive in a large British complex" — had taken a leaf from writers like Robert J. Wood (*Confessions of a PR Man*) and chosen a few subjects of concern like planning and setting objectives, influencing public opinion and legislation and courting the media. It would also have helped if the author had given live case studies instead of the didactic methodology he adopts to reach out to "practitioners of PR in general and students in particular."

Landmark. Roger C.B. Pereira's contribution in *The Sunday Observer* dated 18 September 1988 entitled "Move over advertising, it's time for PR now" proved to be quite a landmark for PR in India which till then was a fledgling industry, a poor cousin of the advertising fraternity. Here was an advertising stalwart who had successfully made the transition into PR, having recognised its coming of age and its legitimacy quite apart from the "fix-it" rut that PR and PR professionals had got themselves into in the past.

K.R. Balan's effort fails to come up to the mark. In his attempt to make the book thorough, he has ended up with a superficial treatment

A writer like Balan should realise the incalculable harm he can do to the profession when he says: "From the point of view of the Mr Fix-it that any PRO has to be, the range of contact is always growing and it should never stop." In another section titled "Women In And Around PR," he brings out a rash of goose pimples when he says — almost like a high priest of male chauvinism: "Handled sincerely, more could be obtained from women in a motherly way. To achieve it one needs a different psychology of handling women, in that the profession of public relations does demand such 'mothering' from the men professionals." (Adity Syam, are you listening?)

In this 605-page book on PR, the author has a recurring tendency to pontificate about the advertising business as well as other unconnected areas. One would have preferred that he dwelt at greater length on why and how the professions of advertising and PR are different, sometimes being able to complement one another. Instead he packs the book with data on audio-visual aids, hoardings, advertising and media. A section titled "About Acquiring Strength To Handle Life On Your Own" on the virtues of self-reliance has no business to be present in a book on PR. Balan should learn to stay out of areas that Billy Graham and Dale Carnegie are experts at.

Effective highlighting. Not all is irrelevant or useless. The critical yet unquantifiable concept of corporate image is brought out effectively by highlighting the fact that in the corporate-reputation sweepstakes, it is not enough to be good — what is more important is whether you are seen and perceived to be good. Financial PR, its ability to ward off raiders, increase a company's capacity to borrow funds is another well brought-out section.

With political advertising having entered the Indian communications arena and public relations promising to enter the fray in the next general elections, the book could have carried an interesting mention of this facet of the business, its achievements in elections abroad and potential to influence the battle for the ballot box in the Indian context.

In the absence of all these vital ingredients, the book ends up as perhaps what its title partly suggests — a series of dry lectures.

■ *Mohan Rajan*

BREAKING THE MOULD

In happier days Cor van der Klugt, outgoing president of Philips, used to liken his struggle for improved international competitiveness to bringing about "a change of religion" in the sprawling Dutch electronics and lighting manufacturer and its 300,000 employees worldwide.

That was before this year's disastrous first quarter results plunged the company into crisis, precipitating van der Klugt's early retirement and unleashing a desperate search for remedial actions to restore investors' shattered confidence.

It is a measure of the task ahead that Philips has only just emerged from an extensive shake-up intended to sharpen its performance. In the past four years, van der Klugt has closed some 70 factories, shed many peripheral businesses and imposed the authority of central product divisions on the company's once largely autonomous national subsidiaries.

Second nature. However, as many large companies have discovered, it is one thing to reshape an organisation and quite another to get the people in it to behave differently. All the more so when, as in Philips' case, it means changing attitudes, practices and beliefs which have become second nature over a period of a century.

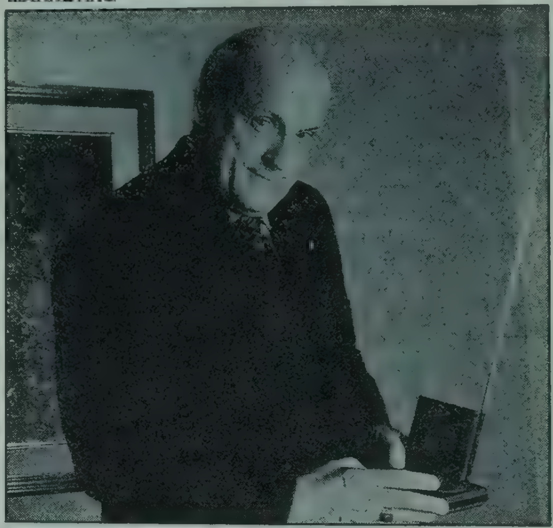
Rapid-fire restructuring may have complicated matters by confusing some managers, rather than motivating them to perform better. As van der Klugt put it in an interview two years ago: "You have a lot of well-drilled regiments and all of a sudden you say you want commandos. You can give them a different cap and uniform and they don't know what to do."

Ironically, Philips' corporate culture embraces many values and principles similar to those of the Japanese electronics companies which are its fiercest competitors. It has long prided itself on taking decisions by consensus and sticking to them over the long term. It is also renowned as a jobs-for-life employer, which provides generous welfare benefits to its staff.

But while these qualities have helped Japanese companies take world markets by storm, at Philips they have frequently been blamed for engendering complacency and feather-bedding. Critics, in the company as well as outside it, argue that the consequence has been to make it too inward-looking, risk-averse and bureaucratic.

Jan Timmer, who takes over as president in July, has already won praise for his efforts to break the mould. As head of consumer electronics, he split the monolithic division into separate units, increased the authority and accountability of line managers and made them immerse themselves much more closely in the day-to-day running of their businesses.

TIMMER'S PRIORITIES ARE PRODUCT DESIGN AND MARKETING



One of Timmer's priorities has been to give more emphasis to product design and marketing, which Philips has been widely accused of neglecting. In an attempt to catch up, it recently purchased 25% of Bang & Olufsen, saying it wanted to tap the Danish consumer electronics manufacturer's design and marketing skills.

Philips has always been strong in research and development and has spawned a stream of innovations including videorecorders and compact disc players.

Fashion driven. However, it took a long time to realise that consumer electronics markets were driven more by fashion than by technology, and that products which it had pioneered could be easily copied and improved upon by nimble Asian competitors.

Adjustment was made harder by the longstanding segregation of Philips' management into technical and commercial directorates. Though the two sides of the business have been brought together, technical functions have continued to command greater kudos — and to attract better-qualified recruits — than commercial jobs.

Many critics argue, though, that the source of Philips' biggest handicap is to be found at its headquarters in the sleepy market town of Eindhoven. Remote from Europe's main business hubs, the town seems an improbable nerve-centre for a company which has operations in more than 60 countries and makes much of its global ambitions.

Eindhoven is not only geographically isolated. It is also dominated by Philips, much as renaissance princelings dominated city-states. Home to more than 30,000 of the company's staff — the only other large local employer is a DAF truck plant — its streets are lined with Philips office buildings and factories.

Even the main hotel is company property.

One former executive argues that the headquarters bureaucracy has escaped drastic pruning because the axe would fall so close to home. "It would mean that top managers would have to drive through the town every day, passing people on the street whom they had made redundant," he says. "The only solution would be to move the headquarters to somewhere like Amsterdam or Brussels." — *Financial Times.*

BIDS, BUYOUTS & BIKINIS

There was Betty Grable with her $1 million legs and cheesecake smile in a slinky swimming costume. Then there was Brigitte Bardot tossing long blonde locks in an itsy-bitsy bikini. Now there are thousands of bronzed bodies soaking up the sun in swimsuits and bermuda shorts on sandy beaches.

Behind the frivolous facade of scantily-clad film stars and bronzed beach babes, the $4 billion (Rs 7,000 crores) international swimwear industry has been blitzed by leveraged bids and buyouts. This week Speedo US, one of the biggest swimwear companies in North America, staged a $85 billion buyout from Warnaco. Speedo's European business has been for sale since the collapse of Response, its UK-

based parent company, in January. The future of Speedo in Australia has been clouded by uncertainty since its owner, the Linter Group, called in the receivers.

The turmoil at Speedo comes little more than a year after Catalina and Cole, two other large US companies, were bought by Taren Industries when it acquired part of Wickes' clothing interests. And Adidas, the West German sportswear group which owns Arena swimwear, is in the midst of restructuring.

One of the catalysts for this wave of bids and buyouts is the instability of the swimwear market. Swimwear sales are highly seasonal. More than half the swimsuits sold in the US this year will be bought between May and July. The market is also so dependent on the weather that it is notoriously difficult for companies to predict likely demand.

The industry's experience last year acts as an apt illustration. The European market was stimulated by the sunny summer weather. Du Pont, the US chemicals and fibres group, estimates that sales across Europe rose by 3% to 125 million units during the year.

Weak market. However, the US market was weak. Consumer spending was sluggish and the retail sector was destabilised by a wave of corporate activity. The US market was also depressed by the dull summer weather. Du Pont suggests that 36.4 million women's swimsuits were sold in the US in 1989, slightly more than in the previous year but well below the 40 million sold in 1988.

This means that, while many European manufacturers sold out early in the season, their US counterparts were left with surplus merchandise. In the longer term it means that the industry has been — and will probably always be — prone to volatile stocks and cashflow crises.

The problems posed by the unstable market are compounded by the polarised structure of the swimwear industry, which is divided between a handful of huge international groups and hundreds of smaller companies.

Cole, Catalina and Jantzen, part of the VF Corporation, are the main manufacturers in the US. Gottex of Israel and MB International of Italy are powerful players in Europe. The market for serious, or performance, swimwear is dominated worldwide by Speedo and Arena, the Adidas subsidiary.

The rest of the industry is fragmented between small, privately owned companies, which tend to concentrate on their domestic markets. The existence of these smaller concerns tends to depress the profitability of the big groups.

Seasonal sales, overdependence on the weather and a proliferation of small companies have ensured that the fortunes of the industry have been volatile. As a result, some of the larger players have shuttled from owner to owner. Cole and Catalina are an extreme example. In the last five years they have had three different owners: Gulf & Western, Wickes and now Taren.

Dramatic changes. The changes at Speedo have been more dramatic. The Speedo name is licensed worldwide by Speedo International, a subsidiary of Linter, the Australian textile group. Linter, also the licensee for Speedo in Australia, went into receivership in January. The receivers are expected to announce their plans for its businesses by the end of next month.

Pentland, the UK consumer products group linked to Reebok, the US sportswear company, is rumoured to be a potential purchaser for Speedo's European business.

Pentland was also involved in this week's leveraged buyout of Speedo US. It has emerged as a minority shareholder in the company with an option to acquire a majority interest in the future.

Ostensibly, these new investors have entered the swimwear industry at a favourable time. The underlying trends are mostly encouraging.

Swimming is increasingly popular as a sport. Swimwear is also becoming more fashionable thanks to the influence of designers such as Norma Kamali of the US and Liza Bruce in the UK. Chunky fifties swimsuits and bikinis are fashionable for women. The surfwear craze is encouraging men to buy baggy bermudas and cycling shorts as well as the more usual trunks.

Even the concern about skin cancer, which is putting people off sunbathing, has stimulated sales by encouraging people to wear less skimpy swimwear as protection against the sun. The trend for people to take holidays throughout the year means the market will become less seasonal. — *Financial Times.*

ANOTHER COKE IN TOWN

In 1985 Coca-Cola decided to put more sweetener in its famous fizzy drink. The new formula attracted 1,500 protest calls a day from outraged consumers. Four months later an embarrassed Coca-Cola had the old formula, redubbed Coca-Cola Classic, back on the shelves. Once bitten, twice shy? Apparently not. Coca-Cola is test-marketing a relaunch of the sweeter cola, this time to be known as Coke II.

Why bother? Coca-Cola Classic is still America's top-selling soft drink, and new-formula Coke has sunk into merciful oblivion — sales fell from 977 million cases in 1985 to an estimated 78 million in 1989.

The answer is that Coca-Cola wants more young drinkers. Despite Classic Coke's endorsement by a prepubescent rock band, New Kids On The Block, teenagers prefer Pepsi's more sugary taste. Coke II, which has more sweeteners and slightly less fizz than the "classic" stuff, is designed to win them back. Coke II is "really very much like Pepsi," says Tom Pirko, an industry specialist

Speech delivered by Mr. V. Narayanan, Chairman and Managing Director, Pond's (India) Limited, to the Shareholders at the Annual General Meeting of the Company held on June 1, 1990 at Madras.

Ladies and Gentlemen :

The Board of Directors and I have great pleasure in welcoming you to the Annual General Meeting of your Company.

The Director's Report and the Annual Accounts for the year ended 31st December, 1989, have been with you for some time now. With your permission, I shall take them as read.

1989 — Performance Review

1989 has been an outstanding year for your Company.

1. Sales turnover exceeded Rs.100 Crores for the first time. At Rs.106 Crores, this is 19% higher than the annualised turnover for the previous 18 month period.
2. Profit after tax crossed Rs.6 Crores. The rate of growth at 37% was higher than in previous years.
3. A total dividend of 37.5% has been proposed for 1989. If approved, payment of dividend in 1989 will be 41% higher than the annualised payment for 1987-88.
4. A bonus issue of shares in the ratio 1:2 has been proposed. This will be the fourth such issue made by your Company.
5. The domestic personal products business has made major strides, recording large increases in sales and profits of all key brands.
6. Your Company has commenced manufacture of leather garments for exports. This will add to the foreign exchange earnings and profits of our leather business.
7. The quality of mushrooms produced by our pilot plant at Ooty has been pronounced excellent by our foreign buyers. This project is therefore being commercialised this year.
8. Significant improvements in performance have been recorded by our other export businesses — thermometers, shoe uppers and personal products.
9. Improved planning in all areas of your Company's operations has made possible a 15% reduction in interest and bank charges, despite a much higher turnover.
10. Programmes to continuously monitor the quality of our products have been implemented at all our factories.
11. The annual closing of accounts has been completed in record time to provide high quality service to you, our shareholders.
12. Finally, for yet another year, your Company maintained excellent industrial relations at all factories and offices and in the field. I am sure all of you will join me in thanking each one of your Company's employees for this excellent record.

The Last Decade

Ten years ago, we defined the future direction for your Company. We dedicated ourselves to the creation of wealth, which, while contributing to national priorities, would meet the expectations of shareholders and other stakeholders in the Company. I am pleased to report that your Company has made considerable progress in our chosen path over the last decade.

1. At the turn of the 80's, we committed ourselves to achieving a turnover of Rs.100 Crores and a PAT of Rs.4 Crores by 1990. In the year ended 1989, the turnover of your Company was over Rs.106 Crores and the PAT over Rs.6 Crores. This represents a 5-fold increase in sales and a 12-fold increase in PAT as compared to 1979-80.

2. In 1980, we were in one business — personal products, which were made at two factories and sold in two markets — India and the USSR. The 80's have seen us make the transition to a multi-business, multi-market, multi-location Company. We have added 3 new businesses. Our products are exported to the USA, Japan, Germany, the UK and the Middle East, in addition to the USSR. 8 new factories have come up in these 10 years.

"Export turnover constituted over 40% of your Company's net sales. Our net foreign exchange earnings in 1989 were Rs. 16 Crores."

Pond's (India) Limited

3. We have made a significant contribution to national priorities in 2 key areas — foreign exchange earnings and development of backward areas.

   In 1979-80, our export revenues amounted to only Rs.1.5 Crores. Over the last 10 years, the three new businesses set up by us have helped us increase export turnover 18-fold. Export turnover, during the year under review, constituted over 40% of your Company's net sales. Our net foreign exchange earnings in 1989 were Rs.16 Crores.

   Each of the 8 new factories set up by us in the last 10 years has come up in Government Notified Backward Areas. This has enabled us to contribute towards industrial development and employment generation in backward areas.

4. As a result of 4 bonus and 1 rights issue of shares, the value of the shareholder's investment has appreciated 35 times over the last 10 years. Dividend earnings in these ten years have been more than 3 times the investment in 1980.

5. Finally, the other stakeholders in your Company have benefitted from its prosperity. Employees have seen new opportunities emerge for advancement. Our associates — suppliers, dealers, agencies and bankers — have benefitted from our increasing turnover.

   The progress we have made during the last decade has been achieved without compromising on our ethics or shirking our responsibility to any of our stakeholders. All of us associated with Pond's can say with pride that we have created wealth with honour and dignity.

The Dynamic Organisation

The wealth created by your Company does not arise from the resources it consumes but from the energy that it is able to generate from within itself. This self-generated energy transforms resources into results and makes the quest for success an endless journey, not a destination.

This energy arises from five factors :

Vision : The employees of your Company share a common vision which strengthens their action. Our vision is not just a quantitative statement of objectives and goals. It is a broader definition of the organisation's strategic purpose, and the spiritual, emotional and philosophical dimensions within which the achievement of that purpose will be pursued. This vision is not the conception of one person. It is developed and shaped by every one of your Company's employees, thereby creating understanding, participation and ownership of the vision. Our vision directs our every decision.

Strategy : The purpose of a business organisation is to service its customers. The purpose of its strategy is to locate, attract and hold customers.

In your Company, we seek to locate future customers by anticipating changes in the market arising from changes in Government policy, in the economy, in the demographic and psychographic profile of the customer and due to initiatives by the competition. We seek to attract and hold customers by delivering greater value for the customer's money than our competitors.

There is great strength in such a strategy, for it centres the organisation's attention on the customer and makes customer satisfaction the reward for every action.

Structure : The organisational structure of your Company relies on few hierarchical levels, decentralises decision making and provides clarity to the individual's role. The strength of such a structure is enormous — it generates and nurtures ideas and innovation, expedites decision making, and by providing better information flow, improves the quality of decisions.

Culture : The culture in your Company creates a climate of success, a distinctive spirit of performance and great pride in the organisation. Our culture gives us tremendous strength, for it demands and gets total involvement from the employees towards the Company's purpose. As a result, morale and productivity are sustained at high levels.

People : Your Company has long recognised that people, not products, deliver results. The employees of your Company are driven by a desire to excel. They care about what they do, for they have pride in themselves and in the Company. They create and nurture the Company's culture of character and competence. If one were to single out the most important factor behind the success of your Company, that factor would be the strength of our People — employees, suppliers, dealers, agencies, auditors and bankers.

The Future

Your Company has implemented programmes to obtain rapid acceleration in the growth of each business that we currently operate in.

Investments have been planned in the domestic personal products business to strengthen our position in the market and to improve the quality of our products. New markets will be sought for export of personal products. The leather business is being expanded with the addition of leather garments and other products. The mushroom pilot plant is now being commercialised into a large scale project. The expertise gained in electronics from the thermometer business will be utilised to export electronic goods.

Conclusion

May I conclude by thanking our employees and our associates for their outstanding contribution to our growth; our Board of Directors for their guidance and support; and you, our shareholders, for the trust and confidence you have reposed in us.

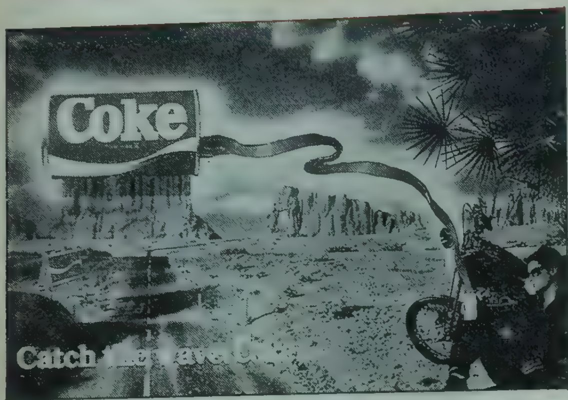
Thank you.

POND'S

A culture of character and competence

This does not purport to be a record of the proceedings of the Annual General Meeting.

O&M 2346



with Bevmark, a Los Angeles-based consulting firm.

Keen to avoid a repeat of 1985's fiasco, Coca-Cola is not saying when, or even if, a full rollout of Coke II is due. The company insists that, if it is launched nationally, the new product will not replace but sell alongside Classic Coke (which may even revert to being called simply Coca-Cola). If Coca-Cola is keen to avoid stirring up its sometimes disconcertingly loyal customers, it has no such qualms about competitors. "Coke II is positioned squarely against the Pepsi drinker," declares a company spokesman. "Real Coke taste and the sweetness of Pepsi," warble experimental television advertisements for the new drink.

Lively viewing. If a full launch goes ahead, PepsiCo's response will make lively viewing. Both companies revel in using knocking ads — PepsiCo's advertisements for its Kentucky Fried Chicken subsidiary subject McDonald's nerdy-but-nice Ronald McDonald to a ruthless send-up. Coca-Cola's 1989 ads for Diet Coke featured slim-and-leggy lovelies Chris Evert and Jerry Hall telling viewers they should be fed up, not with tennis or raddled rock-star husbands, but with Diet Pepsi.

An advertising war with PepsiCo is not the only thing Coca-Cola has to worry about. Coke II is Coca-Cola's seventh drink using the Coca-Cola brand name. American consumers already have Classic, Diet, Cherry, Diet Cherry, Caffeine-free, and, wait for it, Diet-and-Caffeine-free Coke to choose from. Launch yet another version and they might start wondering which is the Real Thing.

Even Classic Coke itself has currently got hiccups. The product's summer promotion features look-alike "MagiCans," designed to produce dollar bills instead of drink when popped open by the surprised consumer. A nice idea, but not all the MagiCans work. Now American mothers are worrying that their little darlings will swallow the hidden pop-up devices by mistake. When an Atlanta drugstore owner, John Pemberton, dreamt up the original Coca-Cola in 1886, he peddled it as a cure for indigestion. By now Coke's marketing supremos could probably do with a similar tonic themselves. — *The Economist.*

BOOM TIME FOR TOURISM IN ASIA

Asia's travel and tourism industry is predicted to continue its fast growth throughout the nineties, but it faces a daunting challenge stemming from its own success. Inadequate airports, shortage of hotel rooms and, in many of the region's capitals, pollution and traffic snarl-ups will be the main problems to be tackled.

Overall visitor arrivals in the Asia-Pacific region (defined as Asean, the NICs, Japan, China, Australia and the Pacific Islands including Hawaii) will expand at an annual rate of 7% until the year 2000, according to a new study by the London-based Economist Intelligence Unit (EIU). This would be only slightly slower than the actual annual growth rate of 7.5% achieved from 1980-88.

But the EIU and industry executives say airport congestion and limitations on airlines' ability to expand fast enough to meet demand will be among the most important constraints facing the industry. Another may be a shortfall later in the decade in the number of hotel rooms in key markets, including Hongkong and Thailand.

Then there is the overburdened infrastructure that characterises many of the region's capitals. Bangkok and Taipei stand out as cities whose traffic congestion and pollution problems put people off visiting them, while Seoul and Jakarta are not far behind. "Unless these cities clean up their acts, people will simply not go if they can possibly avoid it," said Steve Rowe, managing director of tourism consultants Pannell Kerr Forster.

Expansion. Both past and projected growth rates dwarf those of travel in North America and Western Europe. Arrivals in those two markets grew by 3% and 3.5% respectively between 1980 and 1987, according to the World Tourism Organisation. It expects expansion to continue at these levels for the next few years.

Perhaps the only region whose growth rate may surpass Asia's will be Eastern Europe, newly rejoined to the rest of the continent by events of the past year. But since this growth will come from an extremely low base, it will be years before hotels, air connections and other services can be sufficiently developed to welcome hordes of tourists.

The Asia-Pacific region has become "a three-dimensional market," said Robert Stiles, managing director of travel and tourism consultants Horwath Asia Pacific. "The underlying economic growth remains strong, intra-Asian and inbound travel are both growing, and now the international convention and incentives business is really picking up as well."

One of the few blots on the Asian travel map is China. While foreign tourism grew there by leaps and bounds throughout most of the eighties the crackdown on students in Peking in June 1989 has cast a pall over the country's tourism prospects. Most analysts feel that foreign tourists having been driven

TRAVEL TO DESTINATIONS IN ASIA-PACIFIC*

(in million arrivals)

Country	1980	1988	2000
Australia	1.3	1.9	3.4
Hongkong#	0.7	1.2	1.4
Indonesia	0.6	0.6	1.3
Japan	3.8	8.3	17.9
Malaysia	1.3	2.3	5.3
New Zealand	0.5	0.9	2.0
Philippines	0.3	0.6	1.7
Singapore+	0.5	1.2	3.7
S. Korea	0.2	0.7	2.5
Taiwan	0.7	1.0	4.5
Thailand	0.7	0.8	2.4

Note: *Asean, NICs, Japan, China, Australasia, Pacific Islands (including Hawaii).
#Excludes travel to China and Macau.
+Excludes travel to Malaysia by land.
Source: Far Eastern Economic Review.

away, will be slow to return.

The Asian travel and tourism industry's record during the past decade reveals some surprising results. Conventional wisdom has ascribed the travel boom to ever-rising tides of Japanese, Taiwanese and other Asian travellers. But according to the EIU, growth during most of the eighties was mainly powered by the rise in travel from North America and Europe.

Growth in visitor arrivals from the main origin countries in the region (Hongkong, Singapore, Japan, Taiwan and South Korea) rose by 7.5% a year from 1980-88. The number of travellers from North America, on the other hand, grew by 9.5% a year, and those from Europe by 8% annually. As the rate of visitors from the two areas outside the region had started from a higher base, the impact of the higher growth was all the greater.

But the next decade will see slower growth in the number of travellers from western countries, particularly the US. For one thing, the rate is likely to grow more slowly than in the eighties. New attractions in Eastern Europe may also divert some tourist traffic from Asia. — *Far Eastern Economic Review.*

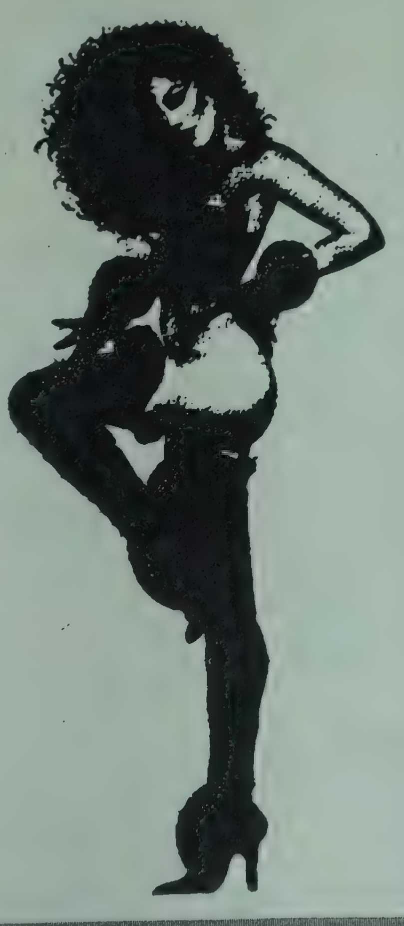
ADULTS-ONLY SOFTWARE

No sooner does man invent a new medium in which to express himself than he uses it to talk about the same old thing: sex. Computers are no exception. The latest vogue in a world once inhabited solely by a number-crun- chers is to link computers with compact discs, which hold vast quantities of computer data, video pictures, sound and text. Not all of that data is for family viewing.

"Virtual Valerie." Some new software is best sold in plain-paper wrappers. Perhaps the most ambitious adults-only software is called "Virtual Valerie." Created by a Chicago-based company called Reactor, the program takes full advantage of Apple's Macintosh computer. A compact disc holds pictures of Valerie, with whom the (presumably male) computer user plays an interactive adventure game. Success in the game brings an "erotic interlude"; lack of success in the game is too embarrassing to talk about.

For the less interactively inclined, Incat System, a publishing house in Milan, has brought out a compendium of 9,000 erotic photographs on compact disc. Culled from 35 publications, five universities and 71 archives (yes, archives), the collection covers six compact discs. Volume II is titled "Germany: Pale Asses and Whips 1839-1930."

But not everybody is hopping on the porno-computing bandwagon. American Interactive Media, created by Philips and Polygram to produce programs for Philip's forthcoming CD-I hardware, has indefinitely postponed a project called "The Sexual Universe," the show's narrator would have been Dr Jyoce Brothers, a perfectly respectable psychologist who frequently appears on American TV. But such subject matter would probably not enhance the wholesome family image Philips is trying to promote for CD-I.



Besides, porno software presents a basic design problem — at least if one wants to be respectable. In most such programs, the viewer moves from scene to scene by pointing to the part of the picture he is interested in finding out more about. For example, a multimedia presentation on museums might require a viewer to point to a painting to find out who painted it. If you were designing "The Sexual Universe," where would you require viewers to point? — *The Economist.*

NEWS BRIEFS

■ The Australian government blocked a proposed A $3.4 billion (Rs 4,532 crores) takeover of **National Mutual Life**, the country's second-largest life insurance company by the Australia and New Zealand Banking Group (**ANZ**).

■ Two senior executives of Ogilvy & Mather advertising agency, part of the WPP group, Peter Warren, chairman and Hans Lange, vice-chairman of **O&M Europe** have **resigned.**

■ The **London gold market** was bludgeoned again by a huge sale of physical gold in London from the Middle East.

■ A 4.4 million barrel rise in **US crude oil stock** levels prompted a steep decline in world oil prices.

■ **BSN**, the leading French foods group, is putting its US biscuits division up for sale to leave its hands free for expansion in eastern Europe and Asia.

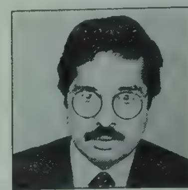
■ Measures to combat **greenhouse gas emissions** include a reduction of world trade in coal used for power generation by up to 125 million tonnes by the year 2000.

■ **Lufthansa**, the German carrier, earned a whopping DM 124 million (Rs 128 crores) profit, a healthy 25% higher than the previous year. This was in spite of the worldwide 15% hike in fuel prices and the weakening of the dollar and yen vis-a-vis the deutsche mark which have substantially cut freight revenues.

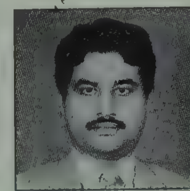
■ Soviet foreign trade organisations signed a $3 billion deal with US softdrinks giant **PepsiCo**, which gives them exclusive rights to market Stolichnaya vodka in the US.

■ **Saatchi & Saatchi**, the giant communications company is expected not to pay a dividend to shareholders this year. The company, which has lurched from crisis to crisis in recent months, is struggling to stabilise its financial position and reduce its debts.

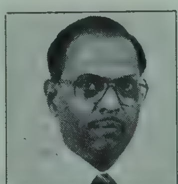
S.C. SEN has taken over as director (technical), National Hydroelectric Power Corp (NHPC). Prior to this, he was executive director (design and engineering) at NHPC.



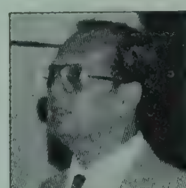
S.K. KHANNA has taken over as the country head at Arthur Andersen.



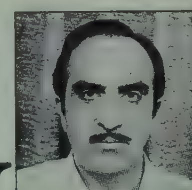
S RAMACHANDRA PRASAD has been promoted as general manager, marketing, Elgi Tyre & Tread.



S.M. WELING has taken over as secretary of Indian Oil Corp.



M.H. MEHTA has been elected president of Indian Membrane Society (IMS), an official body of scientists, engineers and technologists.



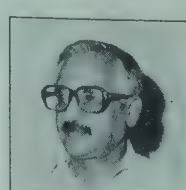
V.K. RAINA has taken over as general manager (engineering & projects), Bharat Petroleum Corp.

P.K. TIBREWALLA has been elected president of North Calcutta Junior Chamber.

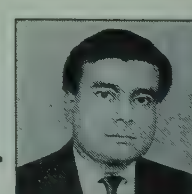
K.S. SRIRAM has taken over as managing director, Gremach 'CNC'.

UDDESH KOHLI has taken over as chairman of International Federation of Training and Development Organisations, London.

AJINDRA KUMAR PURI has assumed charge as chief general manager of State Bank of India, Lucknow Circle.



B.M. MANDAPPA has taken over as executive director (procurement & contract services) in the corporate office of National Hydroelectric Power Corp (NHPC).



VIJAY SAHNI has taken over as country managing partner (audit and tax) of Arthur Andersen.

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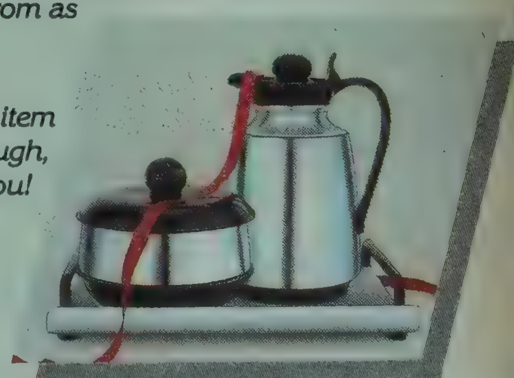

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CLARION/B/E/29/254

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"THIS IS THE TIME TO BUY"

Hemendra Kothari is a bull. Optimistic about a more investor-friendly stockmarket and the inherent strengths of the Indian economy, Kothari sees rosier times ahead for the investor. The chairman of the Bombay-based merchant and investment banking firm, DSP Financial Consultants, makes no bones about his optimism. "The price-earning (P/E) multiple of the Indian exchanges are based on the performance of the corporate sector during the year ended 31 March 1989. With improved earnings, the P/E is lower and thus very attractive," says Kothari. Kothari's firm is a leading player in merchant and investment banking and provides a whole range of services in corporate finance, portfolio advice, issues management, financial consultancy, and international banking. Kothari spoke to A.H. Ghani of Business-World *on his perceptions about a winning stock market strategy. Excerpts:*

■ On investment-worthy industries.
I would lay my bets on the textiles and readymade garments industry. They have gone international and products are much more acceptable in the domestic market. The cement industry is another. The days of over-capacity are gone and with no additional capacity during the past two years, the cement industry is in for a bullish phase. Consumer electronics, fertilisers and agrochemicals are other industries I feel should do well.

■ On corporate performance and current share prices.
The year ended 31 March 1989 saw an average [illegible]% rise in corporate profits. I foresee a growth rate between 40% and 45% for this year. The average P/E multiple, which is between 12 and 13, is still based on the audited results for the year ended 31 March 1989. With the improved results, the P/E multiple is certain to dip and turn very attractive. My advice: wait for the final audited results.

■ On investment strategy for new issues.
Invest in new capital issues only after proper study of the industry and the quality of the management. I would say that the track record of the management is a more crucial factor. Investors have to turn more conservative and cautious as far as investing in publicity-hyped issues are concerned.

■ On an ideal investment-mix between primary and secondary market investments.
Tax and timing are the two most critical decision areas on which the mix should rest on. With the primary market being very investor-unfriendly, thanks to skewed pricing of the issues, I would hazard an opinion: invest entirely in the secondary market and opt for issues only when the pricing is right and the issue passes all the acid tests.

■ On investing in debentures.
If one is looking for yield, buying debentures from the secondary market is a good bet. As convertible debentures in India do not offer optional conversion, they are nothing more than deferred equity. Thus, the strategy is very clear: if looking for short-term gains, go for strong new issues and, if otherwise, stick to investing in growth shares in the secondary market.

■ On when to invest in the secondary market.
Timing the buying decisions decides whether one will win or lose. Buy when you see an opportunity and when the fundamentals are strong. Choose the industry which is strong and commands a relatively low P/E. Then go for the company which promises fast growth. For instance, I feel this is the time to buy. Buy shares of strong cement companies and those engaged in agro-based activities.

■ On investing in real estate.
I consider liquidity the most important investment-inducing factor. Investments in real estate are not as liquid as those in equity shares and, moreover, the former is generally need-based. However, if one has surplus funds and has no temperament for equity shares, then it is alright.

■ On investing in gold.
Blue chips and growth shares always appreciate faster than gold. I will not recommend investing in gold, as such investments normally turn dead over a period.

INVESTMENT WORLD

INVESTOR CONTEST

Last date for the receipt of entries: 5 July 1990

There's no entry fee, no risk. But there's Rs 5,000 to be won every fortnight. Here's how.

Every contestant is given a notional Rs 1 lakh to invest in shares. The money can be invested in upto five scrips listed on the Bombay stock exchange (BSE) at closing prices on a reference date specified by *BusinessWorld(BW)*. This notional portfolio will be evaluated by *BW* a month later (approximately). Three contestants, whose portfolios register the largest gains, will be entitled to cash prizes: Rs 2,500 being the first prize, Rs 1,500 the second, and Rs 1,000 the third. The names of all the winners will be published in *BW*.

THE RULES

The attention of contestants is drawn to Rule No.12. No hand-deliveries of entries will be accepted. Entries without post-marks will be automatically disqualified.

1. The notional amount to be invested is Rs 1,00,000.
2. Investments (in market lots only) can be made in any five companies' equity shares which are listed on the BSE.
3. Investments in debentures or securities other than equity shares are not permitted.
4. No investment can be made in scrips in which there has been no trading on the reference date for investment (27 June for Contest No.16).
5. Investments in scrips quoted below par value on the investment date cannot exceed 25% of the total (Rs 25,000).
6. The maximum amount investible in any one scrip is Rs 50,000.
7. Investments must be made on the basis of the closing prices of shares on a date specified by *BW*. **This time the date is 27 June 1990**. Quotations based on prices at stock exchanges other than Bombay will not be permitted.
8. The portfolio will be evaluated on a date (to be specified by *BW*) roughly one month after the investment date. **This time the date is 25 July 1990**. This too will be on the basis of the closing quotations of the BSE. The official list of the exchange will be the source for determining closing prices. Quotations published in newspapers, magazines or any other publication will not be accepted. In the event of there being any difference in the price quotations given by the contestant and the official list of the Bombay stock exchange, the investments will be deemed to have been made at the latter prices.
9. If the BSE is closed on the specified days, the closing quotations of the first subsequent trading day will be taken into account.
10. Any odd amount left uninvested in the notional portfolio will be assumed to have been deposited in a savings bank account earning an interest of 5% p.a.
11. Contestants will have the option either to invest the entire amount of Rs 1,00,000 (or part thereof) in equity shares or in a savings bank account. (This is just in case investors think stock values will crash and that the money is better invested outside the stockmarkets.)
12. All entries should be accompanied by a coupon (given below) bearing the contest number and must reach the editorial office of *BW* not later than the date specified. **For Contest No.16, the last date for the receipt of entries is 5 July 1990**. Envelopes should be sent by ordinary post only and must carry the following on the outside in big bold letters: BW INVESTOR CONTEST NO.16 (or whatsoever the contest number is). The envelope must be addressed to: The Editor, *BusinessWorld*, 145, Atlanta, 209 Ceremonial Boulevard, Nariman Point, Bombay-400 021.
13. In case of a tie, the money will be divided equally among the winners. For example, if the top two portfolios show the same level of appreciation, the prize money for the first and second prizes will be pooled and distributed to the two winners.
14. For the purpose of this contest, it will be assumed that no brokerage is paid for the purchase of shares.
15. Contestants can send in any number of entries, but each of them must be accompanied by the relevant coupon. Coupons for contest No.16 cannot be used for Contest No.17 and so on.
16. The decision of the Editor, *BusinessWorld*, will be final in deciding any disputes vis-a-vis this competition, which will not be open to any employee of the Ananda Bazar Group of Publications.

Winners of INVESTOR CONTEST NO.12.

FIRST PRIZE (Rs 2,500): Vijay Poddar

Poddar's portfolio appreciated to Rs 1,50,925.42.

SECOND PRIZE (Rs 1,500): Geeta N. Samant

Samant's portfolio appreciated to Rs 1,50,925.21

THIRD PRIZE (Rs 1,000): K. Sreedhar

Sreedhar's portfolio appreciated to Rs 1,46,900.

It has been the closest of close finishes this time: the difference between first and second place was a mere 21 paise. That's a fine distinction, indeed, on a portfolio which increased to Rs 1.5 lakhs.

The winner this time is Vijay Poddar who put most of his money in Orient Abrasives and Coromandel Fertiliser, both of which recorded 45% plus gains. He also had a minor stake in WIE Engineering. Second spot went to Geeta N. Samant who had a totally cement portfolio — Madras Cement, Dalmia Cement and India Cement. Third in the race, K. Sreedhar, also had Madras Cement in his portfolio and German Remedies, which recorded an even higher increase. But his stake in Cochin Refineries didn't do as well, pushing him lower down in the pecking order.

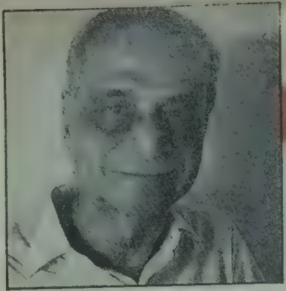
Congrats!

INVESTOR CONTEST NO.16 — ENTRY FORM

Name of scrip	Price on 27 June 1990	Number of shares purchased	Total investment
Total money invested from Rs 1 lakh capital			

Name:

Address:



STEADY MONEY

A COMPLICATED SCHEME

The main objective of this unique, open-ended Unit Trust of India (UTI) scheme — the Parents' Gift & Growth Fund — is to provide an opportunity to earning children to build up a safe investment over a period which will provide a steady income to their parents or any individuals nominated.

Companies, bodies corporate (including registered societies), eligible trusts, non-resident Indians (NRIs) and overseas companies are also eligible to invest under the scheme.

The face value of each unit is Rs 100 and the application can be made for a minimum of 10 units or in multiples thereof. There is no upper limit.

The scheme provides for appointment of beneficiaries and nominees. An individual can become a beneficiary, but not a body corporate or a trust.

The right of nomination is vested with the individual applicant or the beneficiary, depending upon the option exercised. Minors can be nominated. Nomination may be changed at any time during the currency of the scheme. Four persons can be appointed nominees at the same time on a successive basis, with the first named nominee having the right to receive the amount in the event of the death of the unit holder.

Individuals will be entitled to income tax benefit under s.80L in respect of income received under this scheme. The units will also be exempt from wealth tax upto Rs 5 lakhs (along with other specified investments) under s.5 of the Wealth Tax Act. Gift tax exemption upto Rs 20,000 a year will be available wherever applicable.

The scheme operates in two stages. During the first stage the investment grows at a compounded rate over four to five years. In the second stage, the accumulated amount under stage I is automatically reinvested into the nearest available monthly income scheme (MIS) for the next five years under which UTI offers a monthly income distribution at 12% per annum.

An applicant under the scheme can choose any one of the following options:

Option A. The applicant makes the investment in favour of a person as the sole beneficiary to the amount invested, its growth and subsequent income under MIS. The beneficiary has the option to withdraw after the completion of stage I or to continue under stage II. This choice is to be made at the time of making the application.

Under this option, the beneficiary alone has a right to appoint a nominee. In the event of death of the beneficiary during the currency of the scheme, the nominee may ask for the repurchase value of the units or continue in the scheme. Under this option, income tax and wealth tax benefits will be available to the beneficiary, while gift tax benefit will be available to the applicant.

Option B. As this option envisages an assured monthly income to the beneficiary, the applicant is not allowed to withdraw after stage I. The applicant, however, has the right to receive the repurchase value of the units on maturity of stage II.

In the event of the death of the beneficiary, the applicant can name another person or himself to receive the benefit of monthly income under stage II. He can even withdraw any time during stage II.

The applicant alone can appoint a nominee who, in the event of death of the applicant, can either withdraw from the scheme, or allow the beneficiary to receive the monthly income after stage II and himself receive the maturity value after completion of stage II. Under this option, the income tax, wealth tax and gift tax benefits are available only to the applicant.

Option C. An individual can make a provision for himself by investing in his own name. He, however, cannot withdraw after stage I. The applicant alone can appoint a nominee who, on the death of an applicant, can either withdraw or continue in the scheme. Income tax and wealth tax benefits will be allowed to the applicant. Gift tax will not be applicable.

While transfers among individuals are not allowed, pledging by the applicant or beneficiary with the bank is permitted. Premature repurchases are also allowed after three years to provide liquidity.

This scheme is a well-intentioned saving-cum-investment plan, though a bit contrived and long-drawn. An average investor is likely to get lost in the maze of the two stages, three options and different rights and benefits available to applicants, beneficiaries and nominees.

For any investment scheme to be successful, it must be simple and easy to understand. The Parents' Gift & Growth Fund is not.

However, with the inbuilt return of 12.5% per annum, an investment of Rs 1,000 in the course of four or five years will become Rs 1,624 or Rs 1,833 respectively. As there will be some appreciation, the amount invested under MIS will be more. Further, after paying the monthly income at the rate of 12% per annum for the next five years, upon termination of the scheme, the final amount returned to the investor or beneficiary will be substantially higher than the original investment.

■ *M.D. Mukhi*

The author is the president of the merchant banking division of Batlivala & Karani.

IN A NUTSHELL

Scheme: Parents' Gift & Growth Fund (Unit Trust of India).
Interest rate: 12-12.5%
Maturity: 9 or 10 years.
Minimum & maximum amount investible: Minimum Rs 1,000. There is no upper limit.
Tax benefits: (1) S.80L; (2) Gift tax exemption; (3) Wealth tax exemption upto Rs 5 lakhs; (4) No tax deduction at source.
Liquidity: (1) Not transferable; (2) Premature encashment allowed after three years.
Eligibility: (1) Individuals; (2) Companies; (3) Registered societies; (4) Eligible trusts; (5) Bodies corporate; (6) NRIs; (7) Overseas companies.
Other features: (1) Only individuals can be appointed as beneficiaries and nominees; (2) Can be pledged with banks for loans.
Recommendation: Good as a gift to parents, employees and needy persons.

THREE SCRIPS WITH POTENTIAL

Ceekay Daikin, an Indo-Japanese venture, manufactures clutch plate assemblies and clutch cover assemblies at its plant in Aurangabad.

The company's Japanese collaborator, Daikin Manufacturing Co Ltd, has a 25% equity stake in the Indian company. Daikin is the original equipment supplier to most of the vehicle manufacturers in Japan and the US.

Ceekay Daikin has a licensed and installed capacity of 200,000 clutch plate assemblies and 100,000 clutch cover assemblies. The capacities are now being hiked to 300,000 and 200,000 units respectively. This will be able to meet the rising demand from the existing vehicle manufacturers, the replacement market and exports.

With the parent company's advanced technology, Ceekay Daikin has entered the export market for vehicles like Volkswagen, Nissan Sunny, Ford, etc. Exports for 1988-89 were Rs 13.65 lakhs compared to Rs 7.81 lakhs the previous year.

Overall, the financial performance has improved. There has been an upswing in sales to Rs 11.84 crores in the period 1989-90 (Rs 9.08 crores in 1988-89) while the net profit has almost doubled to Rs 57 lakhs. The earnings on the expanded capital of Rs 1.50 crores works out to Rs 3.80. Last year the company paid a dividend of 15%.

To meet the growing demand for its products, the company has expanded present capacity for both clutch plates and power assemblies. This has contributed to an increase in turnover and profits which make Ceekay Daikin a good buy at its present price of Rs 32.

Caprihans is engaged in the manufacture of PVC films and sheets (Sunflex). The company's other products include leather cloth (Suntex), rigid PVC sheets (Sunvic), decorative surfacing (Sungloss), phenolic laminates (Sunlam), high impact polystyrene sheets (Sunstrene) and art paper, chrome paper and art card (Lustracote). Because of a spectacular turnaround in the company's fortunes, the scrip, quoted at Rs 80, has witnessed a dramatic rise from the days it was offered at discount.

The turnover registered a 71% rise, doubling to Rs 61.46 crores for the year ended March 1990 (from Rs 35.85 crores in the year ended June 1987).

During the same period, gross profit showed a 350% rise from Rs 1.04 crores to Rs 4.68 crores, while net profit rose phenomenally to Rs 3.30 crores from Rs 44 lakhs.

Profit margins have moved up to 7.6% from 2.9%, which is a considerable improvement. The EPS works out to an attractive Rs 18.13.

The scrip shows promise with an expected 50% appreciation over the next year, with the company's projected turnover at Rs 100 crores. Exports will account for more than 30% of the latter, giving a boost to the bottomline.

Two scrips — Ceekay Daikin and Caprihans — are good buys at current prices. One should wait for the price of Synthetics & Chemicals to come down slightly for long term investment

Synthetics & Chemicals, the sole manufacturer of synthetic rubber in the country, has embarked on a massive modernisation, expansion and diversification programme.

Till 1984, the company experienced erratic supplies of alcohol, the main raw material needed for the company's plant at Bareilly in Uttar Pradesh. It was also engaged in a long dispute with the UP government over the Rs 28 crore vend fee on industrial alcohol supplied to the company. Now the company is on the growth curve.

It has commissioned a storage terminal at Kandla thus easing the supply of its main raw material — butadiene. And the additional 750 tonnes of Horton's Sphere at Bareilly would help stablilise supplies. The debottlenecking of the latex plant is aimed at raising styrene butadiene rubber (SBR) production to full plant potential.

The 30 million litre captive distillery, expected to go on stream by August 1990, will ensure the easy availability of the basic raw material. The UP government has assured supply of molasses required for the distillery, which will remove the problem of erratic performance of the butadiene plant.

Production capacity of styrene is being increased to 80,000 tonnes per annum (tpa) and that of SBR from 30,000 to 80,000 tpa. The company has also taken up the manufacture of 40,000 tpa of polystyrene.

Once the projects fructify, the turnover is expected to cross Rs 500 crores compared to the current Rs 139 crores. The present turnover is 15% higher than the previous year's Rs 121 crores. Gross profit was Rs 7.46 crores compared to the previous year's Rs 8.48 crores, a drop of 10%. The margins have declined from 7% to 5.5%. The net profit has also dipped from Rs 6.30 crores to Rs 4.49 crores.

Meanwhile the equity capital has increased from Rs 5.81 crores to over Rs 11 crores. This implies a higher equity to serve, but the long term outlook of the company is good. The share is currently quoted at around Rs 50-55. If it comes down to Rs 40-45, the scrip is good for long term investment.

■ *Clifton Desilva*

The author is a Bombay-based investment manager.

RESULTS

GOODLASS NEROLAC PAINTS

(Rs crores)

	6 months ended 31 Mar 90	12 months ended 31 Mar 90	9 months ended 31 Mar 89
Net sales & other income	79.01	145.69	88.04
Interest	2.09	4.37	3.08
Gross profit	4.02	5.28	1.49
Depreciation	0.24	0.48	0.33
Taxation	1.68	2.12	0.21
Net profit	2.10	2.68	0.95
EPS (Rs)			3.91*
RONW (%)			13.49*

Gross and net margins have perked up. Equity capital and reserves are Rs 3.24 crores and Rs 6.15 crores respectively. The share is quoted at Rs 75, which yields a P/E of 19.18. Buy for long-term gains.

TATA CHEMICALS

(Rs crores)

	6 months ended 31 Mar 90	12 months ended 31 Mar 90	12 months ended 31 Mar 89
Net sales	161.60	309.00	291.72
Interest	23.00	44.70	33.68
Gross profit	35.20	75.80	67.80
Depreciation	10.20	19.20	17.51
Taxation	9.00	16.00	14.50
Net profit	16.00	40.60	35.79
EPS (Rs)			7.97
RONW (%)			13.99

Margins have dipped both at the gross and net levels. At Rs 116.50, the share is being quoted at a P/E multiple of 14.62. Equity capital and reserves are at Rs 44.92 crores and Rs 210.93 crores respectively. A P/E of 16 to 17 is expected.

BAJAJ TEMPO

(Rs crores)

	6 months ended 31 Mar 90	6 months ended 31 Mar 89	18 months ended 31 Mar 89
Net sales	130.13	95.50	254.81
Other income	1.50	3.40	4.79
Interest	2.75	2.60	7.61
Gross profit	14.90	11.30	27.72
Depreciation	6.15	13.99	23.83
Taxation	3.20	(0.80)	0.25
Net profit	5.55	(1.88)	3.64
EPS (Rs)			5.52*
RONW (%)			6.48*

Net margin has turned positive at 4.22% (1.90%). At a market price of Rs 160, the P/E multiple works out to 28.99. Equity capital and reserves are at Rs 6.60 crores and Rs 30.83 crores respectively.

STRAW PRODUCTS

(Rs crores)

	6 months ended 31 Mar 90	12 months ended 31 Mar 90	12 months ended 31 Mar 89
Net sales	91.75	172.80	121.91
Other income	1.45	3.16	3.20
Interest	6.74	13.07	8.40
Gross profit	10.86	18.62	9.38
Depreciation	4.86	9.58	5.37
Taxation	0.80	1.10	0.25
Net profit	5.20	7.94	3.76
EPS (Rs)			3.71
RONW (%)			8.11

Gross and net margins have improved to 10.58% and 4.51% respectively. The share is currently quoting at Rs 94.50, which yields a P/E of 25.47. Equity capital and reserves are at Rs 10.14 crores and Rs 36.21 crores respectively. Selling is recommended at this price level.

VAM ORGANIC CHEMICALS

(Rs crores)

	6 months ended 31 Mar 90	12 months ended 31 Mar 90	12 months ended 31 Mar 89
Net sales	34.10	64.90	44.55
Other income	0.50	0.67	0.36
Interest	3.02	5.29	1.51
Gross profit	7.03	13.40	14.74
Depreciation	1.78	3.56	2.86
Taxation	0.79	1.75	1.50
Net profit	4.46	8.09	10.38
EPS (Rs)			20.12
RONW (%)			36.36

Net margin has improved a bit from 12.34% to 12.89%. The share is currently quoting around Rs 137.50, which yields a low P/E of 6.83. Equity capital and reserves are at Rs 5.16 crores and Rs 23.39 crores respectively. Buying is recommended.

DCM TOYOTA

(Rs crores)

	6 months ended 31 Mar 90	6 months ended 31 Mar 89	12 months ended 31 Mar 90
Net sales	52.84	40.65	89.57
Other income	2.12	1.49	3.01
Interest	3.04	2.65	5.75
Gross profit	6.21	1.05	9.23
Depreciation	1.01	1.07	2.21
Taxation	—	—	—
Net profit	4.86	(0.26)	6.50
EPS (Rs)			4.33
RONW (%)			23.03

Margins have improved significantly. Equity capital is Rs 15 crores and accumulated losses amount to Rs 13.22 crores. The share is currently quoting around Rs 28 and this yields a P/E of 6.47. With the company having turned around, buying small quantities is recommended.

VXL INDIA

(Rs crores)

	6 months ended 31 Mar 90	6 months ended 31 Dec 88	15 months ended 31 Mar 90
Net sales	150.40	67.67	214.82
Other income	2.20	0.34	3.51
Interest	11.35	6.04	17.66
Gross profit	9.53	5.26	13.44
Depreciation	3.76	3.06	6.94
Taxation	1.10	0.62	1.10
Net profit	4.67	1.58	5.40
EPS (Rs)			2.98*
RONW (%)			8.80*

Equity and reserves of the company are Rs 14.46 crores and Rs 34.61 crores respectively. The share is quoting at Rs 46 and this yields a P/E of 15.44. Buying at a P/E of between 12 and 13 is recommended.

MAHAVIR SPINNING MILLS

(Rs crores)

	6 months ended 31 Mar 90	6 months ended 31 Mar 89	12 months ended 31 Mar 90
Net sales	75.58	58.91	141.64
Other income	0.89	0.43	1.17
Interest	1.83	1.35	3.63
Gross profit	10.76	8.88	20.25
Depreciation	1.70	1.54	3.45
Taxation	3.86	1.59	6.48
Net profit	5.20	5.75	10.32
EPS (Rs)			21.23
RONW (%)			31.45

Margins have dipped, both at the gross and net level. The share is currently quoting at Rs 165, which yields a P/E of 7.77. The share can be disinvested at this price. Equity and reserves of the company stand at Rs 4.86 crores and Rs 27.95 crores respectively.

CYNAMID INDIA

(Rs crores)

	6 months ended 31 Mar 90	12 months ended 31 Mar 90	16 months ended 31 Mar 89
Net sales	30.83	66.79	64.11
Other income	1.11	1.71	1.99
Interest	1.03	1.80	1.50
Gross profit	4.85	8.26	5.87
Depreciation	0.75	1.48	1.83
Taxation	1.66	2.73	1.08
Net profit	2.44	4.05	2.96
EPS (Rs)			4.23*
RONW (%)			14.79*

Equity capital and reserves stand at Rs 5.25 crores and Rs 9.76 crores respectively. The share is quoted at Rs 110, which yields a P/E of 26. Margins have improved. However, the share is ripe for selling at this price level.

*Note: *denotes annualised figures; half-yearly figures are unaudited; RONW denotes return on net worth; quotations as on 1 June*

BOEHRINGER-KNOLL

(Rs crores)

	6 months ended 31 Mar 90	12 months ended 31 Mar 90	12 months ended 31 Mar 89
Net sales	19.41	35.83	28.41
Other income	0.69	1.02	0.87
Interest	1.02	1.85	1.18
Gross profit	1.17	1.69	1.57
Depreciation	0.11	0.26	0.09
Taxation	0.44	0.50	0.50
Net profit	0.61	0.92	0.98
EPS (Rs)			9.80
RONW (%)			29.88

With improved margins and a higher EPS expected, the share is underpriced at Rs 120 (P/E of 12.24). Equity capital and reserves stand at Rs 1 crore and Rs 2.28 crores respectively.

HINDUSTAN ALLOYS MFG

(Rs crores)

	6 months ended 31 Mar 90	6 months ended 31 Mar 89	15 months ended 31 Mar 89
Net sales	43.16	16.17	40.44
Other income	0.01	0.30	0.75
Interest	2.68	0.93	2.34
Gross profit	4.17	2.33	6.34
Depreciation	0.14	0.32	0.80
Taxation	0.45	0.37	0.95
Net profit	3.58	1.63	4.59
EPS (Rs)			5.15*
RONW (%)			23.14*

Margins have dipped. The share is quoted at Rs 70, which yields a P/E of about 13.59. Equity capital and reserves stand at Rs 7.13 crores and Rs 8.74 crores respectively. The share is rightly-priced.

GODFREY PHILIPS (INDIA)

(Rs crores)

	6 months ended 31 Mar 90	9 months ended 31 Mar 89	15 months ended 31 Mar 89
Net sales	256.10	292.38	451.96
Other income	0.88	1.26	1.78
Interest	0.72	0.81	1.30
Gross profit	6.78	3.06	4.93
Depreciation	0.93	1.12	1.72
Taxation	2.99	1.09	1.74
Net profit	2.86	0.85	1.47
EPS (Rs)			4.52*
RONW (%)			18.40*

Equity capital and reserves stand at Rs 2.60 crores and Rs 3.79 crores respectively. The share is quoted at Rs 90, which yields a P/E of 19.91. Though margins have improved, the share is recommended for selling now.

DUPHAR-INTERFRAN

(Rs crores)

	6 months ended 31 Mar 90	6 months ended 31 Mar 89	12 months ended 31 Mar 90
Net sales	17.50	13.89	33.00
Other income	0.16	0.63	0.55
Interest	0.73	0.68	1.44
Gross profit	1.08	0.91	1.89
Depreciation	0.42	0.37	0.74
Taxation	0.15	0.17	0.28
Net profit	0.51	0.37	0.87
EPS (Rs)			4.73
RONW (%)			17.40

The share is quoted at Rs 60, which yields a P/E of 12.68. Equity capital and reserves stand at Rs 1.84 crores and Rs 3.16 crores respectively. The P/E is expected to be between 13 and 14. Buy for the long term.

UNICHEM LABORATORIES

(Rs crores)

	6 months ended 31 Mar 90	6 months ended 31 Mar 89	18 months ended 31 Mar 89
Net sales	30.15	21.90	65.94
Other income	1.24	0.24	1.15
Interest	1.45	0.60	1.86
Gross profit	1.05	(0.18)	0.99
Depreciation	0.29	0.12	0.80
Taxation	—	0.20	0.03
Net profit	0.76	(0.10)	0.16
EPS (Rs)			0.79*
RONW (%)			1.73*

Equity capital and reserves are at Rs 1.35 crores and Rs 4.82 crores respectively. Margins have turned positive and a market price of Rs 40 has already discounted this. Selling is recommended.

JAGATJIT INDUSTRIES

(Rs crores)

	6 months ended 31 Mar 90	6 months ended 31 Mar 89	12 months ended 31 Mar 90
Net sales	78.33	62.57	147.30
Other income	0.60	0.57	1.20
Interest	2.12	2.26	4.49
Gross profit	7.14	8.37	13.13
Depreciation	1.48	1.04	2.83
Taxation	2.43	0.96	4.50
Net profit	3.23	6.37	5.80
EPS (Rs)			9.57
RONW (%)			23.09

The company is reportedly not faring well. Margins, at the gross and net levels, have dipped. At Rs 100, the P/E works out to 10.45. Selling is recommended.

RANBAXY LABORATORIES

(Rs crores)

	12 months ended 31 Mar 90	15 months ended 31 Mar 89
Net sales	198.25	179.68
Other income	7.08	6.37
Interest	—	—
Gross profit	12.75	10.20
Depreciation	3.95	4.07
Taxation	1.10	0.56
Net profit	7.70	5.57
EPS (Rs)		4.98*
RONW (%)		11.71*

At 6.21% and 3.75%, the gross and net margins have picked up from 5.48% and 3% respectively. Equity capital and reserves are Rs 8.95 crores and Rs 29.13 crores respectively. At Rs 100, the P/E works out to about 20. Buy at a P/E of between 16 and 19.

INDIAN ALUMINIUM

(Rs crores)

	6 months ended 31 Mar 90	6 months ended 31 Mar 89	12 months ended 31 Mar 90
Net sales	294.77	218.49	536.43
Other income	7.13	3.42	11.61
Interest	7.20	8.31	13.32
Gross profit	50.46	31.02	95.96
Depreciation	5.57	4.62	9.83
Taxation	15.91	6.40	27.63
Net profit	28.98	20.00	58.50
EPS (Rs)			14.10
RONW (%)			54.03

At Rs 146, the P/E works out to 10.35. Equity capital and reserves are at Rs 41.50 crores and Rs 66.78 crores respectively. Margins too have improved at the gross and net levels. Buy.

TAMILNADU PETROPRODUCTS

(Rs crores)

	15 months ended 31 Mar 90	6 months ended 30 June 89	9 months ended 31 Dec 88
Net sales	205.07	61.82	89.08
Other income	—	—	—
Interest	23.39	8.74	11.48
Gross profit	66.69	20.20	34.23
Depreciation	25.67	9.80	13.04
Taxation	2.86	0.26	1.70
Net profit	14.77	1.40	8.01
EPS (Rs)			2.20*
RONW (%)			20.63*

Equity capital and reserves are at Rs 48.61 crores and Rs 3.16 crores respectively. Though gross margin has improved a bit, net margin has dipped. At Rs 29, the P/E works out to 13.18. A long-term P/E of 15 is expected.

*Note: *denotes annualised figures; half-yearly figures are unaudited; RONW denotes return on net worth; quotations as on 1 June.*

RESULTS

USHA INTERNATIONAL

(Rs crores)

	6 months ended 31 Mar 90	6 months ended 31 Mar 89	12 months ended 31 Mar 90
Net sales	66.64	63.56	131.15
Other income	1.25	1.15	1.79
Interest	0.19	0.53	0.61
Gross profit	1.33	1.60	2.60
Depreciation	0.15	0.10	0.25
Taxation	0.55	0.54	1.22
Net profit	0.63	0.96	1.13
EPS (Rs)			12.02
RONW (%)			38.18

Equity capital and free reserves are at Rs 0.94 crores and Rs 2.02 crores respectively. At Rs 25, the P/E works out to a low 2.08. Though margins have dipped, the share is being tipped for long-term investment.

ION EXCHANGE (INDIA)

(Rs crores)

	6 months ended 31 Mar 90	5 months ended 31 Mar 89	11 months ended 31 Mar 89
Net sales	29.02	19.92	35.68
Other income	1.89	1.06	2.12
Interest	1.26	0.68	1.25
Gross profit	1.17	1.40	2.30
Depreciation	0.37	0.38	0.58
Taxation	—	(0.10)	0.05
Net profit	0.80	1.12	1.67
EPS (Rs)			5.21*
RONW (%)			15.23*

Margins have dipped, both at the gross and net levels. The share is currently quoted at Rs 62.50, which yields a P/E of 12. Equity and reserves of the company stand at Rs 3.50 crores and Rs 8.46 crores respectively. The P/E is expected to be between 10 and 12.

GARWARE PLASTICS

(Rs crores)

	6 months ended 31 Mar 90	6 months ended 31 Dec 88	15 months ended 30 Sep 89
Net sales	49.97	49.79	119.15
Other income	0.50	0.95	2.19
Interest	6.61	6.12	14.79
Gross profit	(5.87)	7.07	1.73
Depreciation	3.88	3.54	8.23
Taxation	—	0.53	0.50
Net profit	(9.75)	3.00	(7.00)
EPS (Rs)			(4.95)*
RONW (%)			(15.26)*

The company is still in the red, thanks to its misfired attempts at diversification. The share is currently quoting at Rs 29.50 and selling is recommended. Equity and reserves of the company stand at Rs 11.31 crores and Rs 25.40 crores respectively.

POLYCHEM

(Rs crores)

	6 months ended 31 Mar 90	6 months ended 31 Mar 89	12 months ended 31 Mar 89
Net sales	59.93	60.89	112.40
Other income	0.74	0.78	1.13
Interest	2.05	1.40	2.78
Gross profit	6.15	5.54	10.55
Depreciation	1.33	0.84	2.32
Taxation	0.77	1.80	2.95
Net profit	4.05	2.90	5.28
EPS (Rs)			8.80
RONW (%)			30.86

With margins having improved significantly, the share should be quoting at a P/E between 10 and 12 (market price — Rs 81). Equity capital and reserves stand at Rs 6 crores and Rs 11.11 crores respectively.

CAMPHOR & ALLIED PRODUCTS

(Rs crores)

	6 months ended 31 Mar 90	9 months ended 31 Mar 89
Net sales	19.00	1.67
Other income	0.24	0.10
Interest	0.99	0.77
Gross profit	2.22	(0.45)
Depreciation	0.69	—
Taxation	0.25	—
Net profit	1.28	(0.45)
EPS (Rs)		(2.31)*
RONW (%)		(5.56)*

Margins have turned positive. The share is quoted at Rs 75. Equity capital and reserves stand at Rs 2.60 crores and Rs 8.19 crores respectively. Sell at this price level.

EICHER MOTORS

(Rs crores)

	6 months ended 31 Mar 90	6 months ended 31 Mar 89	12 months ended 31 Mar 90
Net sales & other income	59.74	50.57	104.01
Interest	2.15	2.26	4.08
Gross profit	3.76	(1.12)	4.26
Depreciation	0.39	0.37	0.78
Taxation	—	—	—
Net profit	3.37	(1.49)	3.48
EPS (Rs)			3.48
RONW (%)			18.12

Margins have turned positive — gross margin from a negative 2.21% to a positive 6.29% and net margin from a negative 2.95% to a positive 5.64%. The share is quoted at Rs 26 which yields a low P/E of 7.47. Equity capital stands at Rs 9.99 crores and accumulated losses amount to Rs 9.22 crores. Buy for the long term.

AMRIT BANASPATI

(Rs crores)

	6 months ended 31 Mar 90	6 months ended 31 Mar 89	12 months ended 31 Mar 90
Net sales	140.04	119.02	259.37
Other income	0.84	2.22	1.12
Interest	2.72	2.61	4.73
Gross profit	3.71	3.86	8.73
Depreciation	3.35	3.83	6.35
Taxation	0.31	—	0.63
Net profit	0.05	0.03	1.75
EPS (Rs)			4.23
RONW (%)			10.93

Equity capital and reserves stand at Rs 4.14 crores and Rs 11.87 crores respectively. Margins haven't improved much and a market price of Rs 50 yields a P/E of 11.82. However, a P/E between 12 and 13 is expected.

TATA TEA

(Rs crores)

	6 months ended 31 Mar 90	12 months ended 31 Mar 90	15 months ended 31 Mar 89
Net sales & other income	161.96	270.49	231.43
Interest	6.51	11.70	10.45
Gross profit	38.89	76.77	28.62
Depreciation	2.53	5.03	5.05
Taxation	15.67	30.25	6.50
Net profit	20.69	41.49	17.07
EPS (Rs)			7.99*
RONW (%)			14.24*

Despite bullish tea prices, margins have dipped. A market price of Rs 207, yields a high P/E of 25.91. Equity capital and reserves stand at Rs 17.09 crores and Rs 78.79 crores respectively. Book your profits.

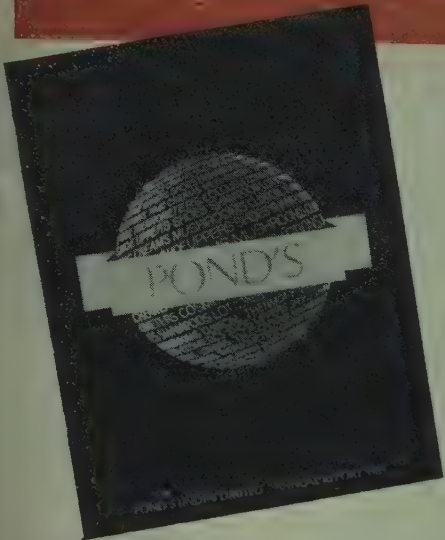
MRF

(Rs crores)

	6 months ended 31 Mar 90	6 months ended 31 Mar 89	18 months ended 31 Mar 89
Net sales	306.90	281.60	742.47
Other income	2.94	1.25	2.23
Interest	7.75	6.33	15.20
Gross profit	19.98	18.27	55.60
Depreciation	7.66	5.68	15.93
Taxation	4.90	4.65	14.65
Net profit	7.42	7.93	25.02
EPS (Rs)			43.21*
RONW (%)			34.24*

Gross margin has stayed put, but net margin has dipped from 2.80% to 2.39%. The share is quoted at Rs 217.50, which yields a low P/E of 5.03. Equity capital and reserves are at Rs 3.86 crores and Rs 44.85 crores respectively.

*Note: *denotes annualised figures; half-yearly figures are unaudited; RONW denotes return on net worth; quotations as on 1 June.*



POND'S INDIA LTD

A GOOD EX-BONUS SCRIP

Pond's (India) Ltd (PIL) is diversifying into unrelated fields. The company has applied for permission to set up an export-oriented electronics unit and has obtained a letter of intent for the manufacture of leather garments, leather gloves, shoe-uppers and shoes for exports. A 100% export-oriented mushroom project is also in the pipeline.

Exports during the year shot up by an annualised 32.4% to Rs 26.91 crores. Exports of cosmetics and toiletries have more than doubled to Rs 11.4 crores from Rs 8.44 crores. Exports of shoe-uppers have risen by 33% to Rs 9 crores. Exports of clinical thermometers and seafoods have declined by an annualised 13% and 36% respectively. The company has made a modest beginning in the exports of mushroom. Total exports as a percentage to total sales have risen from 24.3% to 27.6%.

For the year ended 31 December 1989, the company has reported an all-round improvement in its working. Gross revenue has increased by an annualised 19% to Rs 106.95 crores.

Conservative policy. Likewise, operating profit has increased by 20.7% to Rs 9.59 crores. Thanks to a conservative financial policy, interest charges have been kept lower at Rs 1.96 crores against Rs 3.48 crores of the previous year. The company has ploughed back about 60% of its profits and as a result, the debt-equity ratio has improved to 0.15.

Gross profit has registered a 35.6% growth at Rs 7.63 crores. Depreciation charges were higher by 19% at Rs 0.89 crores. Thanks to tax-exempt export profits and tax planning, the ratio of tax to pre-tax profits has now dipped to 10%. Net profit has risen by 37% to Rs 6.05 crores.

Though operating margin was stagnant at 9%, gross margin has improved from 6.27% to 7.13% and the net margin to 5.66% from 4.92%. Return on net worth too has improved by an annualised 3.41% to 23.73%. The company has maintained the pay-out ratio by stepping up the dividend.

Production of soaps, cosmetics and toiletries has increased by an annualised 39% to 18,210 tonnes. Capacity utilisation has improved from 61% to 85%. Soaps, cosmetics and toiletries account for 82% of the total sales. Shoe-uppers account for 10.8% and clinical thermometers 5.3%.

The company has proposed a dividend of 37.5% against 40% proposed during the previous 18 month period. Thus, the dividend is higher by an annualised 10.8%. Moreover, the company has declared a one-for-two bonus.

During the past 10 years, the company has made three bonus issues and a rights issue. Recently, the scrip dipped from Rs 240 to 224, as the proposed bonus issue was smaller than what the market had expected. At Rs 243 (6 June), the P/E works out to 26.82 times. One may continue to hold on and buy at every decline. Certainly a good buy when the scrip becomes ex-bonus.

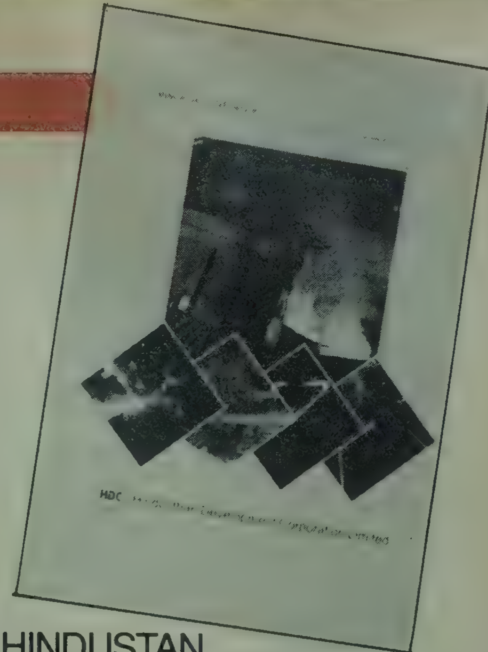
POND'S INDIA

(Rs crores)

	12 months ended 31 Dec 89	18 months ended 31 Dec 88
Gross revenue	106.95	134.54
Gross profit	7.63	8.44
Profit after tax	6.05	6.62
Equity capital	6.68	6.68
Reserves	18.81	15.04
Gross profit margin (%)	7.13	6.27
Return on net worth (%)	23.73	20.32*
Dividend (%)	37.50	26.70*
Earning per share (Rs)	9.06	6.61*
Book value per share (Rs)	38.16	32.51

*annualised

Source: Annual reports



HINDUSTAN DEVELOPMENT CORP

WORTH BUYING

Hindustan Development Corporation (HDC), the flagship Raghu Mody group company, has interests in petroleum coke, railway sleepers and crossings, steel wires and chemicals. Of late, it has forayed into steel by setting up a new company. For the year ended 31 March 1990, the company has maintained its growth rate in terms of sales and profitability.

Gross total income has increased by 34.06% to Rs 268.06 crores as against Rs 249.95 crores earned during the previous 15 months ended 31 March 1989. Raw material cost to sales has risen by 3.1% to 47%. Thus, the 23% increase in operating profit at Rs 40.33 crores has been lower. Thanks to lower interest cost, gross profit has risen by 33%. However, the 51% rise in pre-tax profit has been negated by an almost 100% rise in tax liability.

The ratio of tax to pre-tax profit has increased from 21.8% to 28.8%. Earnings per share have improved by about a rupee (on expanded capital) to Rs 12.50 against Rs 11.20. The company has maintained dividend at 20% against 25% paid for the previous 15-month period.

Declining margins. Margins indicate nothing to write home about. Operating margin declined from 16.4% to 15.1%. Gross margin has stayed put at 11.27% (11.39%) and so the net margin at 4.82% (4.71%). Return on net worth improved to 10.73% from 9.32%.

The engineering division has performed well, thanks to export orders from Malaysia and West Asia. The company has plans to export castings to the USSR. Production of wagons,

however, was lower during the second half due to lack of orders from the railways. The production of the wire division suffered due to power problems. However, turnover and profitability have improved due to better product-mix and tight control over costs. The company plans to increase production of higher value-added items and also plans to diversify into the production of different varieties of steel wires.

The petrocarbon division is upgrading technology and plans to undertake production of sophisticated products related to carbon. The chemicals division commenced manufacture of diphenyl guanidine (DPG), an import-substitution item and began exporting small quantities of DPG to South east Asian nations.

The company is setting up a pilot plant to manufacture cyanuric chloride which enjoys good demand in the overseas market. The company is undertaking major diversification plans by setting up a composite steel plant styled Madhya Pradesh Iron & Steel Co. To part-finance the project cost of Rs 67 crores, the company had issued in August 1989, 22.47 lakh 12.5% convertible debentures aggregating Rs 32.58 crores.

Last bonus issue was in 1986 in the ratio of one for one. With free reserves 3.6 times the equity capital, the company is a prospective bonus candidate.

The current market price of HDC's scrip at Rs 83 (6 June) discounts the EPS 6.65 times. The scrip had touched a high of Rs 135 and a low of Rs 72 during 1989. After the publication of unaudited results, the scrip gained 18% at Rs 84. The scrip is worth buying at every decline.

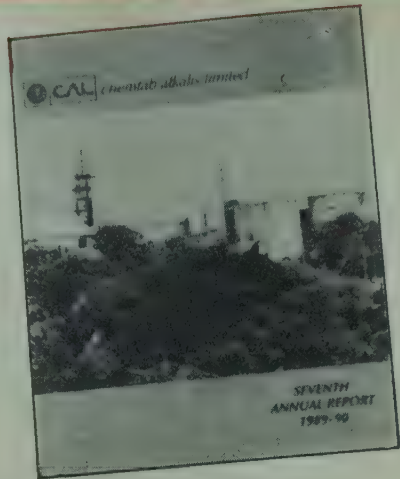
HIND. DEVELOPMENT CORP

(Rs crores)

	12 months ended 31 Mar 90	15 months ended 31 Mar 89
Gross revenue	268.06	249.95
Gross profit	30.21	28.48
Profit after tax	12.93	11.77
Equity capital	10.37	8.42
Reserves	110.10	92.56
Gross profit margin (%)	11.27	11.39
Return on net worth (%)	10.73	9.32*
Dividend (%)	20.00	20.00*
Earning per share (Rs)	12.47	11.18*
Book value per share (Rs)	116.17	119.93

*annualised

Source: Annual reports



CHEMFAB ALKALIES

BRIGHTER FUTURE

Chemfab Alkalies Ltd (CAL) is a Madras-based caustic soda manufacturer. CAL has stepped up dividend by 3% to 18% for the year ended 31 March 1990. Gross revenue has risen by 35% to Rs 14.56 crores. Operating profit has moved up by 54% to Rs 5.65 crores and gross profit was up by 69%. The company has earned a very attractive cash profit of Rs 16.60 per share against Rs 9.80 earned during last year. However, thanks to higher depreciation provision, pre-tax and post-tax profits increased by a lower 20%.

Sales volume of caustic soda has risen by 17.4% and the average sales realisation per tonne has improved by 13% to Rs 6,311. Sales volume of chlorine has moved up by 20% and sales realisation per tonne by 14.2% to Rs 1,406.

Expanding capacity. Production of caustic soda has increased by 17.5% to 14,383 tonnes and of chlorine by 19.4% to 7,998 tonnes. Capacity utilisation of the caustic soda unit has improved from 75% to 88% and that of the chlorine plant from 47% to 56%. The company is expanding its caustic soda capacity to 33,000 tonnes per annum and plans to set up a downstream chlorine utilisation project and a chloromethane project at Tamil Nadu.

Despite a high cash EPS, EPS of Rs 5.17 at the net level has failed to rise higher due to larger depreciation provision. Depreciation has more than doubled during the year and as a percentage to sales, works out to 21%. Compared to this, depreciation in case of Tata Chemicals and DCW work out to 6.2% and 2.5% respectively.

CAL's gross profit margin at 33.45% is the highest in the industry against 24.5% of Tata Chemicals and 8.2% of DCW. The company's EPS has improved from Rs 4.3 to Rs 5.2. Based on unaudited figures, DCW's EPS for the year ended 31 March 1990 works out to Rs 11.7 and Tata Chemicals' is Rs 8.3. CAL's net margin is also higher at 10.4% against the 5% of DCW.

Shares of both CAL and DCW are quoted around Rs 68 and Tata Chemicals at Rs 115.50 (6 June). Thus, while Chemfab and Tata Chemicals has a price-earning ratio of about 14 times, DCW's EPS is discounted by a mere 6.4 times.

CAL has ploughed back about two-third of its profits which alongwith depreciation of Rs 3.04 crores has resulted in higher internal accruals at Rs 4.05 crores. The latter is being utilised now to finance additions to gross block of Rs 1.70 crores and reduction in borrowings by Rs 0.88 crores.

CHEMFAB ALKALIES

(Rs crores)

	12 months ended 31 Mar 90	12 months ended 31 Mar 89
Gross revenue	14.56	10.78
Gross profit	4.87	2.89
Profit after tax	1.52	1.27
Equity capital	2.94	2.94
Reserves	2.77	1.76
Gross profit margin (%)	33.45	26.81
Return on net worth (%)	26.62	27.02
Dividend (%)	18.00	15.00
Earning per share (Rs)	5.17	4.32
Book value per share (Rs)	19.42	15.99

Source: Annual reports

EPS at the net level does not look very attractive. If the company provides depreciation at lower rates, the scrip may improve further. The scrip's 1989-90 high-low were at Rs 77 and Rs 8 respectively. Currently, at Rs 68, it seems to be fully priced. The future prospects of the company appears brighter.

■ *M.C. Ved*

REAL ESTATE

NEW SCHEMES

A housing scheme with an inbuilt investment opportunity. The Real Estate Participation Scheme (Reps) launched by the **Lokhandwala Construction Industries Ltd**. (LCIL) for the middle-income group fits that bill. Under the scheme 25,648 Reps certificates of face value of Rs 7,500 each will be issued. Each certificate is equivalent to 10 sq ft of built-up area in the proposed Lokhandwala complex at Kandivli (East), a Bombay suburb. The certificates will carry an annualised interest rate of 14% till the flats are allotted.

The scheme is unique on two counts: easy liquidity as Reps certificates can be sold back to the trustees or in the open market and the entitlement to own a flat proportionate to the size of holdings (subject to a certain minimum) at the end of four years. "As the certificates could appreciate in tandem with the rise in the value of the property they represent, they would be a better hedge against inflation," says Arvind Pahwa, LCIL chief executive.

The promoters have a solution to odd lots — insufficient Reps certificate for a 620 sq ft one bedroom flat — holders can buy more from the open market or from the trustees. Alternatively, odd lots can be sold back to the trustees, who will consolidate them, sell the flat and distribute the proceeds. The certificates are also transferable.

Rainbow Housing Development Finance Corp too has kicked off a housing scheme. The Baroda-based outfit is developing houses at Rainbow Nagar near Bangalore. Under the scheme, an investor can go in for short-term gains by selling off the plot six months after allotment or opt for a house. The investor has to pay 75% of the plot value in advance. "In case, the investor wants to get out after six months, the initial deposit will be refunded with interest at 12% per annum," says Rainbow chairman, Arun Choksi. Meanwhile, the company is also promoting Rainbow Home Finance which is slated to go public with a Rs 10 crore equity issue in September.

■ *K. Madhavdas*

INSIDE INFO

■ Investors in **Hoechst** may be in for a rude shock. The company's dispute with the government over pricing of its drugs, which seemed a closed chapter, has surfaced again. The grapevine has it that the ministry concerned has demanded Rs 15 crores for settling the disputed liability now. The company had made a provision of Rs 4 crores towards the liability and if the additional provision of Rs 11 crores has to be made this year, the bottomline may be almost wiped off as expected net profit is between Rs 12 and Rs 15 crores. Moreover, the ministry is contemplating the shifting of one of Hoechst's bread-and-butter products to the controlled list. If these developments take place, Hoechst may slip down to about Rs 1,600. A dividend squeeze and scrapping of the rumoured one-for-one bonus issue could be on the cards.

■ During the fortnight ended 9 June, the No.2 man in the Bombay big bull coterie was long in **Hoechst** to the tune of about 90,000 shares. There was no *badla* (carryforward charges) on the scrip and the grapevine has it that the bull was busy taking deliveries with borrowed funds. This was intended to put the squeeze on the sellers. It appeared to have worked and the rumoured backwardation (paid by the sellers in lieu of delivery) was about Rs 40 per share. Marketmen are expecting that the bears will soon be running for shelter.

■ In the list of potential bonus candidates figure **Telco, Tisco, Hindustan Ciba Geigy** and **Cipla Coated**. Tisco and Hindustan Ciba Geigy are expected to reward the investors with a two-for-five bonus and Cipla Coated a one-for-one bonus. Cipla Coated, goes the grapevine, will report an excellent performance with the earnings as high as Rs 400 per share. However, if the company opts to change its depreciation policy, the figure could dip down to Rs 300. If this happens, the scrip could go down to Rs 2,800.

■ **Tisco** is a bonus candidate but the March-end results may be a bit disheartening. Thanks to the sizeable widening of its equity base after the conversion of bonds, it is rumoured that earnings per share will not be high. Moreover, with the already-heavy interest burden to bloat further, the scrip may be in for a lull. Tisco bulls are unfazed. They pushed up the scrip on the kerb to Rs 121 on 8 June from Rs 118 (7 June).

■ After the big bull coterie, it was the turn of the institutional players to play bear in **Mukand**. Big brother Unit Trust of India (**UTI**) was on the selling forefront. Thus, the scrip dipped to Rs 135 (7 June), though it recovered to close at Rs 138. The grapevine is abuzz with the info that the scrip could reach a high of Rs 150 once the institutional selling spree is over.

■ While the bulls were betting on **Telco's** rise, the bears were vowing to take **Grasim** down. Besides the bull coterie, Telco was being fancied by a host of small operators and it wasn't surprising that the scrip rose from Rs 136 (18 May) to Rs 151 (1 June) to close at Rs 148 (7 June). The same bulls successfully pushed the scrip up to Rs 152 in kerb trading on 8 June. The bear action in Grasim came from Calcutta operators and the info was that some Birla insiders were selling in a big way. Thus, the scrip declined from Rs 130 (31 May) to Rs 122 (7 June).

■ A host of investment tips were floating about in Bombay's Dalal Street during the week ended 8 June. Sample them: **Sterling Computers** would report earnings of Rs 17 per share and the scrip was poised to cross the Rs 50 mark. **Pix Transmissions** would announce earnings of Rs 7 per share and could be acquired for medium-term gains. **Aryan Fine Fab** which was quoting at Rs 24.50 (7 June) could be another **Nahar Spinning** (Rs 320 on 7 June) soon. Will the bulls prove right?

INVESTMENT WORLD

VITAL STATISTICS

Company (The figures following the company name indicate face value and market lot in that order)	Eq Cap RsCr	Free Res RsCr	Revl Res RsCr	Book Value Rs	Gross Sales RsCr	Other Inc RsCr	Gross Profit RsCr	GrPr Mgn (%)	PAT RsCr	Adj PAT RsCr	Cash Earn RsCr	EPS Rs	Ret/ Net Worth (%)	Div (%)	Pay Out (%)	Mkt Price 7June	P/E Multiple	Last Bonus Ratio	Last Bonus Year	Bonus % in Cap	MarketPrice 1989 High Rs	MarketPrice 1989 Low Rs	MarketPrice 1990 High Rs	MarketPrice 1990 Low Rs	Yield on Mkt Price (%)	Price to BkVal Times
AbacusComp(10/100/d)	1.4	0.2	0.0	11.3	10.2	0.1	0.45	4.3	0.26	0.29	0.37	2.27	12.9	8.0	48	13.00	5.72	0.00	_	0	10	4	NA	NA	7.53	1.15
AbanLoyd(10/100/e)	4.0	0.9	0.0	12.3	13.9	0.0	3.65	26.2	1.12	1.12	3.44	2.82	23.0	10.0	28	39.00	13.82	0.00	_	0	41	14	48	37	2.00	3.18
AbbotLab(10/50/g)	2.3	2.6	0.0	21.5	34.5	0.3	0.69	2.0	0.22	0.97	0.58	1.30	3.4	0.0	NA	40.00	30.68	89:1	80	40	73	38	55	38	NA	1.86
ACC(100/5/a)	56.0	81.3	0.0	245.3	537.2	16.3	26.89	4.9	-5.64	-23.61	18.71	-6.72	-6.2	0.00	NA	484.00	NA	1:5	86	33	374	230	484	229	NA	1.97
AdvaniOer(10/100/b)	7.0	8.9	2.6	22.7	122.0	1.8	4.57	3.7	0.84	0.90	3.37	1.80	3.0	10.0	117	19.00	10.56	1:1	86	46	18	8	19	15	7.89	0.84
AlembicChem(100/5/c)	4.1	9.1	7.2	319.7	84.2	1.7	3.55	4.1	1.70	1.74	3.23	34.39	10.0	18.0	36	290.00	8.43	1:3	66	18	450	260	440	280	5.19	0.91
AlfaLaval(10/50/d)	7.8	19.0	0.0	34.3	68.2	4.3	9.86	13.6	7.77	7.77	7.86	12.42	23.2	20.0	17	120.00	9.66	1:2	89	63	140	72	130	95	1.39	3.50
AmalRasayan(10/50/e)	1.5	2.5	2.3	26.6	22.4	0.4	3.60	15.8	2.35	2.35	3.42	15.88	37.5	25.0	16	54.50	3.43	0.00	_	0	148	19	83	54	4.59	2.05
AmritBan(10/100/e)	2.1	13.9	6.9	77.3	221.7	3.4	6.01	2.7	-0.81	0.93	6.01	-4.11	-3.7	10.0	24	43.75	NA	1:1	89	39	118	80	56	38	2.32	0.57
AntifricBear(10/100/e)	3.2	6.0	0.0	28.6	41.9	1.1	6.05	14.1	2.67	2.68	4.60	8.08	28.3	20.0	25	62.00	7.67	1:2	81	23	60	9	74	60	3.25	2.17
AP Paper(100/5/f)	5.6	6.8	0.0	220.1	69.7	1.1	3.97	5.6	2.21	2.21	3.97	29.44	23.8	0.0	NA	890.00	30.23	1:4	80	20	830	67	1100	625	NA	4.04
AppleInds(10/50/b)	3.8	1.9	0.0	15.1	11.3	0.1	4.38	38.6	2.53	2.41	4.05	10.12	29.8	23.3	54	36.50	3.61	0.00	_	0	35	12	NA	NA	9.57	2.42
ArvindMills(10/50/d)	7.1	34.6	0.0	58.5	190.0	5.8	10.16	5.2	3.95	5.14	9.46	6.92	7.6	24.0	32	55.00	7.94	1:3	86	55	44	25	55	48	4.21	0.94
Asea Br Bv(10/50/h)	5.3	16.6	8.9	41.4	139.2	4.9	4.52	3.1	3.10	3.51	4.21	5.38	11.0	25.1	34	80.00	14.86	1:3	78	30	910	600	NA	NA	2.86	1.93
AsianBearings(10/50/e)	7.4	3.6	0.0	14.8	15.5	0.9	0.61	3.7	-1.54	-0.61	0.14	-2.07	-14.0	0.0	NA	18.00	NA	0.00	_	0	NA	NA	NA	NA	NA	1.21
AsianCab(10/50/e)	5.6	7.3	6.2	23.1	65.4	3.6	5.19	7.5	2.49	3.62	4.69	3.81	11.2	12.0	21	30.00	7.87	1:3	81	25	72	26	38	27	4.00	1.30
AsianPaints(10/50/d)	12.4	41.0	0.0	43.0	272.1	1.7	24.25	8.9	15.12	13.49	18.25	15.12	22.5	33.6	39	240.00	15.87	1:2	87	86	231	161	255	208	1.75	5.58
Assam Co(10/50/f)	7.0	26.0	0.0	47.2	46.1	0.9	12.48	26.6	8.81	8.81	9.98	9.44	35.6	66.7	40	122.50	12.98	1:1	89	50	138	65	149	112	4.08	2.60
Astra-IDL(10/50/f)	2.5	3.0	0.0	21.9	14.0	0.2	1.47	10.4	0.92	0.92	1.23	2.76	22.4	13.3	27	47.50	17.21	0.00	_	0	55	24	48	38	2.11	2.17
AtlasCopco(10/50/d)	7.3	7.8	0.0	20.7	56.7	3.0	2.69	4.5	0.70	0.59	2.39	1.21	3.7	8.0	124	36.00	29.83	1:2	87	82	57	32	49	33	2.80	1.74
AtlasCycle(10/50/f)	1.2	7.6	7.0	76.3	76.8	1.7	2.02	2.6	1.10	1.10	2.02	6.98	9.1	20.0	16	75.00	10.75	1:2	87	80	150	80	80	75	1.97	0.98
AveryIndia(10/50/d)	4.2	11.9	0.0	38.3	44.0	0.9	9.27	20.7	4.02	4.07	4.87	11.96	20.0	28.0	36	111.00	9.28	2:5	84	58	169	93	124	111	3.15	2.90
A.Sarabhai(10/50/e)	18.8	23.1	0.0	22.3	134.8	2.6	4.78	3.5	3.39	2.40	4.61	1.81	8.1	0.0	NA	16.50	9.14	1:5	82	17	26	12	26	11	NA	0.74
BajajAuto(10/50/f)	18.8	346.6	0.0	194.3	599.5	24.7	72.97	11.7	30.50	30.40	68.47	12.16	11.1	46.7	22	463.75	38.13	1:1	87	95	453	290	464	355	0.75	2.39
BajajElec(100/5/f)	1.9	6.6	2.9	443.8	70.0	2.3	2.99	4.1	1.65	1.55	1.90	64.45	19.2	33.3	15	800.00	12.41	1:1	89	50	1450	600	800	540	1.56	1.80
BajajHind(100/5/a)	5.6	23.0	39.9	510.0	75.1	1.5	4.04	5.3	0.60	1.33	3.30	7.14	1.3	18.0	50	550.00	77.00	1:4	86	95	600	380	560	360	2.18	1.08
BajajTempo(10/50/b)	6.6	30.8	0.0	56.7	259.1	4.8	27.73	10.5	3.65	3.73	27.48	8.30	6.5	13.3	35	150.00	18.08	1:1	86	87	152	100	150	118	1.33	2.64
BakeliteHyl(10/50/f)	4.5	10.1	9.4	32.4	55.8	2.2	3.57	6.2	1.66	1.88	3.07	2.77	9.2	18.7	34	33.75	12.20	2:3	80	78	61	24	49	29	4.15	1.04
BallarpurInds(10/100/f)	21.0	66.2	187.5	41.5	364.6	8.1	28.05	7.5	11.65	11.70	25.70	4.11	5.6	24.0	33	161.25	39.27	1:2	89	74	225	64	162	112	1.11	3.88
BarodaRayon(100/5/f)	18.0	32.4	0.0	280.0	132.9	1.0	18.25	13.6	11.30	11.33	16.15	46.74	29.7	20.0	17	887.50	18.99	1:2	82	23	837	285	910	618	1.22	3.17
BASF(10/50/d)	4.3	11.1	2.6	36.2	84.6	5.3	10.32	11.5	3.63	3.47	6.39	10.59	16.0	20.0	26	162.50	15.34	1:2	88	56	155	102	163	123	1.30	4.50
Bata(10/50/e)*	10.5	17.5	0.0	26.7	259.0	0.4	4.81	1.9	1.41	2.46	3.36	1.34	5.0	10.00	43	68.00	50.64	1:1	87	93	159	52	82	64	1.47	2.55
Bayer(100/5/d)	16.2	15.6	0.0	196.0	162.3	2.3	17.71	10.8	9.32	9.25	12.10	71.82	23.5	24.0	53	840.00	11.70	1:1	87	78	910	580	880	800	3.57	4.29
BergerPaints(10/100/f)	3.8	9.9	3.3	36.0	65.9	0.6	1.46	2.2	0.94	0.94	1.32	1.86	7.4	26.7	30	45.00	24.26	1:1	88	52	76	37	53	38	1.64	1.25
Best&Cromp(10/50/e)	7.1	19.1	2.3	37.0	145.4	2.5	2.81	1.9	0.53	0.53	1.98	0.73	1.8	10.0	90	36.25	49.36	3:5	82	27	96	31	59	36	1.83	0.98
BhadrachalamP(10/50/b)	10.6	19.8	0.0	28.8	101.1	0.7	12.08	11.9	6.01	6.94	10.87	8.40	13.0	23.3	54	82.50	9.82	0.00	_	0	121	31	124	80	4.24	2.87
BharatForge(10/50/b)	14.2	25.7	0.0	28.1	235.1	12.8	22.07	8.9	12.33	12.84	19.32	12.99	20.6	25.0	21	100.00	7.70	1:1	88	61	202	65	101	85	1.85	3.56
BharatVijay(100/5/d)	2.8	10.9	6.8	493.1	78.4	1.7	6.92	8.6	3.96	3.81	7.25	178.70	15.5	20.0	18	575.00	3.22	1:6	83	54	895	525	575	480	4.33	1.17
BiharAlloy(10/50/d)	8.2	0.9	0.0	11.1	113.1	1.4	6.12	5.3	2.84	2.77	5.96	4.10	23.6	0.0	NA	28.50	6.96	0.00	_	0	51	32	40	24	NA	2.56
BimetalBearings(10/50/f)	1.9	10.9	0.0	67.1	16.9	0.5	4.33	24.8	2.16	2.16	3.08	8.48	22.5	36.7	25	100.00	11.79	1:1	89	52	145	41	100	80	2.77	1.49
BindalAgro(10/50/e)*	14.9	42.5	0.0	38.6	103.7	2.7	8.52	8.0	7.53	7.53	8.52	5.07	13.1	50.00	24	41.00	8.09	0.00	_	0	120	22	80	41	3.02	1.06
BirlaJute(10/100/e)	20.4	168.0	0.0	92.5	401.8	15.9	31.16	7.5	11.04	11.04	29.06	5.42	5.9	18.0	33	80.00	14.76	1:1	86	86	74	40	80	52	2.25	0.87
BlueStar(10/50/f)	3.6	11.9	5.3	43.4	101.0	9.2	4.36	4.0	2.72	2.72	3.65	5.73	17.4	24.0	24	90.00	15.72	3:5	86	83	83	54	90	70	2.00	2.07
BombayDyg(10/50/e)	11.2	70.7	0.0	72.9	356.1	4.8	41.83	11.6	18.03	18.03	38.52	16.04	22.0	30.0	19	223.00	13.90	1:1	79	87	210	104	231	173	1.34	3.06
Boots(10/50/e)	8.1	8.8	0.0	20.8	61.0	1.7	8.49	13.5	4.43	3.86	5.57	5.47	26.3	23.0	48	100.00	18.28	1:1	87	86	148	100	138	90	2.30	4.80
Britannia(10/100/g)	18.6	22.0	0.0	21.8	355.4	8.5	20.54	5.6	10.99	10.99	12.84	7.89	20.3	24.0	36	116.00	14.70	1:2	89	89	140	82	118	52	1.84	5.31
BSES(10/50/e)	5.9	81.3	0.0	149.0	321.8	2.8	13.08	4.0	8.54	8.52	13.08	14.34	9.6	20.0	14	44.00	3.07	1:1	89	69	90	33	100	35	4.55	0.30
BST (10/50/b)	3.7	1.5	9.2	14.1	49.6	10.2	-0.82	-1.4	-1.71	-1.47	-0.82	-7.22	-8.2	0.0	NA	8.75	NA	1:1	74	36	11	6	NA	NA	NA	0.62
CableCorp(10/100/d)	9.0	18.7	0.0	30.7	122.1	4.9	19.17	15.1	10.34	10.17	12.59	14.36	29.9	22.0	24	67.00	4.67	1:2	87	71	92	58	83	60	4.11	2.18
Cadburys(10/50/f)	8.4	12.1	0.0	24.4	67.5	0.8	8.08	11.8	4.45	4.47	5.78	3.97	29.0	33.3	47	146.00	36.75	1:1	87	80	157	98	173	134	1.71	5.99
Camphor&Allied(100/5/d)	2.6	8.2	0.0	415.0	35.9	0.4	6.13	16.9	3.81	3.78	4.73	183.17	28.2	20.0	17	67.50	0.37	1:3	82	53	355	123	NA	NA	37.04	0.16
Carborundum(10/50/e)**	5.9	21.1	5.1	45.7	64.2	1.6	11.52	17.5	5.72	5.72	7.92	9.66	17.8	25.00	26	80.00	8.28	2:5	87	83	NA	NA	108	75	3.13	1.75
Ceat(10/50/e)	14.8	75.4	26.1	61.1	410.2	11.0	42.29	10.0	21.35	21.27	27.79	14.46	18.4	30.0	21	90.00	6.22	1:2	86	37	180	91	160	74	3.33	1.47
Cemindia Co(10/50/b)	1.3	8.1	0.0	73.1	26.0	0.1	3.07	11.7	1.30	1.32	2.37	15.23	9.3	26.7	39	100.00	6.56	3:5	84	38	130	68	125	93	3.98	1.37
ChowguleStShip(10/50/e)	10.0	0.1	0.0	10.1	42.9	0.4	13.67	31.6	4.86	4.86	13.67	4.86	48.3	0.0	NA	28.00	5.76	5:2	77	35	20	3	34	23	NA	2.78
ClassicDia(10/100/d)	3.5	2.5	0.0	17.2	46.7	0.1	3.02	6.5	2.92	2.92	2.93	10.43	38.8	12.0	14	58.75	5.63	0.00	_	0	41	9	84	58	1.95	3.42
CochinRef(100/5/e)	68.5	82.2	0.0	220.0	1164.2	3.3	61.78	5.3	41.50	41.56	54.92	60.61	27.6	18.0	4	795.00	13.12	0.00	_	0	510	265	795	595	0.33	3.61
ColourChem(100/5/e)	7.9	13.4	0.0	268.8	101.5	4.6	6.46	6.1	3.02	3.66	5.41	38.04	14.2	22.0	48	630.00	16.56	2:5	80	84	700	410	825	575	3.50	2.34
ConFound(10/100/b)	0.5	1.2	0.0	32.5	5.2	0.1	0.97	18.2	0.10	0.81	0.95	2.88	3.9	20.0	20	35.00	12.13	0.00	_	33	NA	NA	NA	NA	8.79	1.08
CromptonGr(100/5/f)	9.6	39.1	28.5	507.0	320.2	3.0	14.82	4.6	7.75	8.91	12.52	60.55	13.4	24.0	19	1100.00	18.17	1:1	89	69	1425	600	1100	800	1.64	2.17

NOTE: The year 31 March for all above companies unless otherwise indicated. The accounting period in each case is, however, mentioned in the bracket following the company's name: a-8 months, b-18 months; c-10 months, d-15 months, e-12 months, f-9 months; g-16 months, h-11 months; i-14 months; j-17 months; k-13 months; l-7 months. (ended Dec88, ** ended Aug88, + ended Sep88, ++ ended Jul88).*

Where the accounting period is other than 12 months, the figures for EPS, return on net worth and dividend have been annualised.

INVESTMENT WORLD

VITAL STATISTICS

Company (The figures following the company name indicate face value and market lot in that order)	Eq Cap RsCr	Free Res RsCr	Revl Res RsCr	Book Value Rs	Gross Sales RsCr	Other Inc RsCr	Gross Profit RsCr	GrPr Mgn (%)	PAT RsCr	Adj PAT RsCr	Cash Earn RsCr	EPS Rs	Ret/ Net Worth (%)	Div (%)	Pay Out (%)	Mkt Price 7June	P/E Multiple	Last Bonus Ratio	Last Bonus Year	Bonus % in Cap	MarketPrice 1989 High Rs	MarketPrice 1989 Low Rs	MarketPrice 1990 High Rs	MarketPrice 1990 Low Rs	Yield on Mkt Price (%)	Price to BkVal Times
Cyanamid(10/50/g)	5.3	9.8	0.0	28.6	64.1	2.0	5.87	8.9	2.96	0.55	4.79	7.52	14.8	15.0	191	105.00	13.97	9:4	79	74	108	55	115	86	1.90	3.67
DCM(10/100/f)	23.0	31.8	0.0	23.8	552.6	13.1	15.14	2.7	4.15	6.54	15.03	1.35	10.1	0.0	NA	50.00	36.98	4:5	71	61	85	31	60	47	NA	2.10
DCW(10/50/b)	5.9	20.4	14.8	44.6	170.3	3.8	7.88	4.5	3.85	3.85	7.38	9.80	6.2	21.3	29	60.00	6.12	1:1	88	67	44	25	66	40	3.11	1.35
DeepakFert(10/50/e)	14.8	11.1	0.0	17.5	45.9	2.3	16.26	33.7	6.96	6.94	14.68	4.54	25.9	18.0	40	31.00	6.83	0.00	_	0	52	23	39	26	5.81	1.77
DeepakNitrite(10/50/j)	2.4	5.7	9.3	33.3	39.6	3.4	5.42	12.6	2.08	2.72	4.35	12.13	8.4	25.0	25	93.00	7.67	2:5	85	81	54	27	105	80	3.01	2.79
DharamsiMor(10/50/d)	6.4	10.5	0.0	26.4	124.1	3.1	5.95	4.7	1.99	2.28	5.55	3.87	9.4	16.0	56	62.50	16.13	2:5	79	88	46	27	63	40	3.19	2.37
Dunlop(10/100/e)	19.0	64.8	94.6	44.1	407.7	10.3	32.06	7.7	9.99	9.99	23.24	5.24	5.6	30.0	57	62.00	11.83	1:3	76	54	100	61	75	53	4.84	1.40
Duphar (10/50/d)	1.8	3.2	0.0	27.2	31.3	1.0	1.84	5.7	0.77	1.25	1.65	5.23	12.3	14.0	20	57.50	10.99	1:3	88	74	85	38	70	40	2.36	2.12
EicherMot(10/100/h)	10.0	0.3	0.0	10.3	92.1	0.6	-2.74	-3.0	-3.42	-3.42	-2.74	-3.14	-36.4	0.0	NA	22.00	NA				17	9	22	16	NA	2.15
EIDParry(10/50/e)	6.3	14.5	13.3	33.1	206.7	27.3	15.40	6.6	9.42	9.42	12.59	15.00	27.6	25.0	17	92.50	6.17				72	34	93	72	2.70	2.79
EleconEngg(10/50/d)	5.7	27.0	0.0	57.7	150.0	1.4	13.11	8.7	3.27	3.25	10.94	7.23	8.0	16.0	35	77.50	10.71	3:5	87	61	85	50	88	68	2.58	1.34
ElgiEquip(10/50/h)	1.0	9.4	0.0	103.8	44.6	0.5	3.33	7.4	2.09	2.09	3.08	19.16	22.0	19.6	9	245.00	12.79	1:1	86	88	340	260	260	200	0.73	2.36
Enfield(10/100/f)	5.0	0.0	9.0	10.0	53.9	0.2	0.74	1.4	-1.36	-1.36	0.74	-2.25	-14.3	0.0	NA	17.75	NA	1:1	85	31	14	9	21	13	NA	1.78
EnglishElect(10/100/e)	9.0	18.2	0.0	30.2	60.9	1.1	4.88	7.9	2.46	2.46	3.51	2.73	9.1	7.5	28	77.00	28.17	1:1	87	75	72	47	77	56	0.98	2.55
Escorts(10/50/d)	33.9	91.0	23.7	36.9	759.0	24.4	32.81	4.2	18.00	18.31	29.40	6.64	9.7	22.4	48	94.75	14.28	3:5	86	57	84	58	95	78	2.74	2.57
Eskayef(10/50/g)	7.5	21.0	0.0	38.0	68.5	1.4	13.00	18.6	8.22	8.60	8.45	14.61	21.6	20.3	24	142.50	9.75	1:2	88	33	151	102	143	121	1.90	3.75
EssarShip(10/100/b)	46.1	47.8	0.0	20.4	142.9	1.5	45.49	31.5	19.39	19.52	43.34	6.28	13.7	20.0	68	35.50	5.65				35	16	37	26	8.08	1.74
EssenComp(10/50/h)	1.3	6.6	0.0	59.9	16.8	1.2	2.40	13.3	1.64	1.64	1.79	11.30	22.4	24.0	9	65.00	5.75	0.00	_	0	NA	NA	83	48	1.62	1.08
EverestBldg(10/50/d)	2.5	12.7	0.0	61.4	92.6	2.3	7.22	7.6	4.83	4.04	5.89	24.44	25.5	32.0	25	168.75	6.90	1:3	66	41	150	102	185	133	2.38	2.75
ExcelInd(10/50/b)	4.6	11.5	0.0	34.9	103.2	8.2	12.05	10.8	7.17	6.77	9.95	23.28	29.7	66.7	68	185.50	7.97	4:5	84	82	180	116	189	182	5.39	5.32
FerroAlloys(10/50/f)	5.5	29.9	0.0	641.8	158.6	3.7	22.43	13.8	12.50	11.30	19.15	169.84	47.0	26.7	10	65.00	0.38	1:2	80	43	1675	580	126	65	30.66	0.10
FinolexCables(10/50/g)	3.2	30.8	0.0	105.1	126.1	6.1	29.12	22.0	19.02	19.02	22.43	78.27	41.9	45.0	10	227.50	2.91	4:5	88	44	430	220	283	203	2.63	2.17
FinolexPipes(10/100/l)	9.0	9.9	0.0	21.1	38.3	1.6	2.32	5.8	1.82	1.89	2.32	1.18	16.5	25.7	11	33.75	28.55				51	44	65	33	0.69	1.60
GE Shipping(10/100/f)	64.9	57.9	0.0	18.9	111.9	2.4	45.06	39.4	22.74	23.46	40.68	2.63	24.7	16.0	28	45.00	17.11	2:3	81	36	53	33	55	44	2.29	2.38
GeneralElect(10/50/e)	7.2	27.9	0.0	48.7	149.3	2.4	7.23	4.8	3.06	10.03	4.32	4.25	8.7	15.0	11	21.50	5.06	1:1	89	53	85	46	22	19	6.98	0.44
GermanRem(100/50/d)	3.3	5.4	0.0	26.7	56.4	0.9	2.11	3.7	0.77	1.01	1.91	2.95	7.1	12.0	49	141.00	47.76	3:5	82	80	102	60	141	68	1.07	5.29
Glaxo(10/50/f)	20.0	46.1	0.0	33.0	223.5	7.6	15.25	6.6	7.60	13.64	12.83	2.85	15.3	26.7	29	99.50	34.91	1:3	80	54	107	70	128	91	2.01	3.01
GNFC(10/50/f)	89.0	101.2	0.0	21.4	238.8	3.2	20.07	8.3	22.76	22.76	34.80	1.92	16.0	13.3	39	39.00	20.33				57	28	48	36	2.56	1.82
GodfreyPhil(10/100/d)	2.6	3.8	0.0	24.6	452.0	1.8	4.93	1.1	1.47	1.47	3.19	6.97	18.2	28.0	63	85.00	12.19	1:1	75	34	62	25	85	55	4.12	3.46
GokakPatel(10/50/f)	6.5	19.1	0.0	39.3	60.9	5.9	6.30	9.4	3.91	3.91	6.05	4.50	20.3	26.7	33	117.50	26.12	1:1	87	79	120	67	118	75	1.70	2.99
GoodlassNero(10/50/f)	3.2	6.2	8.0	29.0	84.8	0.9	1.49	1.7	0.95	0.95	1.28	2.20	7.3	16.7	43	67.50	30.69	5:7	78	57	90	42	83	60	1.87	2.33
GordonWood(10/50/e)	2.5	3.7	3.4	24.7	16.8	0.2	-1.73	-10.2	-1.87	-1.87	-1.73	-7.51	-19.6	0.0	NA	7.00	NA	0.00	_	0	14	3	NA	NA	NA	0.28
Graphite(10/50/d)	4.2	9.6	0.0	32.8	58.6	2.3	4.16	6.8	2.13	2.13	3.72	6.24	12.2	16.0	40	38.75	6.21	1:2	80	56	38	18	39	15	5.15	1.18
Grasim(10/50/e)	48.5	217.7	0.0	54.9	803.0	32.2	92.27	11.0	39.64	48.33	73.12	8.13	14.8	27.5	22	122.00	15.00	3:4	88	61	137	75	200	106	1.76	2.22
GreavesCot(100/5/f)	9.9	23.2	0.0	334.9	142.8	3.0	8.08	5.5	5.02	5.01	6.44	37.88	20.1	24.0	24	700.00	18.48	1:2	88	86	720	375	710	625	1.71	2.09
GSFC(10/50/d)	44.9	208.5	0.0	56.4	676.3	14.7	70.61	10.2	35.55	48.66	61.51	9.88	11.2	30.0	21	201.25	20.37	3:10	87	64	190	123	202	166	1.12	3.57
GTC Ind(10/50/f)	5.0	58.9	0.0	127.9	157.4	13.6	4.43	2.6	1.92	1.92	2.28	2.88	4.0	32.0	63	34.00	11.81	1:4	72	66	28	13	34	21	7.06	0.27
Guj Alkalies(10/50/e)	17.9	31.0	0.0	27.3	101.0	1.3	15.69	15.3	8.01	5.73	16.89	4.47	16.4	26.0	81	87.00	19.45	1:5	87	18	78	62	89	75	2.99	3.19
Guj Ambuja(10/100/e)	20.0	5.6	0.0	12.8	94.2	1.4	11.58	12.1	3.86	3.97	11.59	1.93	15.1	12.0	60	44.00	22.80				28	14	44	21	2.73	3.44
Guj Steel(10/50/e)	4.6	9.8	7.3	313.0	116.2	1.8	3.39	2.9	1.80	1.59	4.15	39.13	8.3	15.0	43	27.00	0.69	1:1	82	57	380	210	36	25	55.56	0.09
HCL(10/100/e)	14.9	24.7	0.0	26.6	172.5	2.0	11.39	6.5	9.60	9.60	10.93	6.46	24.3	10.0	15	29.00	4.49				43	27	37	24	3.44	1.09
HDFC(100/10/f)	20.0	44.6	0.0	322.9	107.5	0.2	18.69	17.3	16.47	14.50	17.96	61.76	34.0	18.7	19	410.00	6.64				345	175	410	330	3.41	1.27
Herdillia(10/50/f)	7.4	24.4	15.0	43.2	65.1	1.5	9.83	14.8	6.24	5.66	7.72	6.37	17.8	28.0	27	83.75	13.15	1:2	78	33	112	66	100	83	2.50	1.94
HeroHonda(10/50/f)	16.0	3.8	0.0	12.3	101.7 *	2.8	-1.38	-1.3	-4.97	-4.70	-1.38	-3.11	-25.2	0.0	NA	23.50	NA				39	16	24	15	NA	1.90
HicoProd(10/50/d)	3.3	4.8	0.0	24.4	60.3	0.2	2.03	3.4	0.09	0.18	2.00	0.34	0.9	0.0	NA	28.00	82.13	0.00	_	0	64	14	35	28	NA	1.15
Hind Ciba(100/5/d)	17.7	40.1	0.0	326.3	255.5	3.7	31.40	12.1	14.91	13.59	22.17	105.24	20.6	24.0	39	1400.00	13.30	1:2	80	74	1465	600	1660	960	2.14	4.29
Hind Motors(10/100/e)	26.4	46.0	32.3	27.4	525.9	13.2	5.34	1.0	-5.81	-4.77	5.34	-2.20	-5.6	7.5	-41	32.75	NA	1:1	86	58	51	20	33	20	2.28	1.19
HMM (10/50/h)	14.2	20.8	0.0	24.6	100.9	3.9	20.21	19.3	12.84	14.43	13.61	8.30	40.1	53.5	48	299.00	36.02	1:1	87	96	270	155	320	230	1.64	12.13
Hoechst(100/5/d)	9.6	32.8	17.5	442.1	239.4	29.6	8.55	3.2	4.51	4.51	7.70	58.85	6.0	16.0	43	1990.00	33.82	1:2	82	72	2040	490	2300	1260	1.01	4.50
HyderabadInd(10/50/d)	5.5	33.6	8.9	70.8	143.9	5.9	11.74	7.8	6.23	6.23	8.55	14.08	10.4	20.0	23	118.00	8.38	1:1	88	82	153	77	NA	NA	2.18	1.67
ICI (10/50/b)	40.9	84.2	39.4	30.6	693.6	170.2	42.45	4.9	20.90	21.80	41.17	7.67	8.5	15.0	42	38.00	4.95	1:3	78	21	69	37	40	37	5.92	1.24
IndiaCements(10/50/e)	4.9	19.0	24.8	48.8	132.2	4.8	3.00	2.2	-1.16	-0.87	3.00	-2.37	-2.4	8.0	-45	37.00	NA	2:5	70	29	32	13	37	15	2.15	0.76
IndiaFoils(10/50/d)	4.4	15.1	3.8	44.5	105.2	9.3	6.23	5.4	2.70	2.70	4.33	7.71	9.3	24.0	49	82.50	10.71	1:4	82	11	103	61	96	78	3.63	1.86
IndianAlum(10/100/d)	41.5	66.8	0.0	26.1	446.5	8.5	46.87	10.3	27.73	28.22	38.62	8.35	20.5	20.0	37	145.00	17.36	2:5	77	38	193	49	176	110	1.72	5.56
IndianDystuff(100/5/e)	11.3	13.4	18.5	218.6	190.5	13.2	5.46	2.7	0.82	1.59	5.46	7.24	1.9	10.0	59	347.50	47.97	1:4	80	40	260	165	380	250	2.39	1.59
IndianHotels(10/50/e)	14.8	49.7	0.0	43.6	115.9	1.9	17.11	14.5	9.37	9.37	15.61	6.34	14.5	30.0	32	91.00	14.36	1:2	89	50	150	80	93	83	2.20	2.09
IndianOrganic(10/50/e)	18.4	20.6	0.0	21.2	215.7	5.9	17.48	7.9	5.44	5.44	16.76	2.96	13.9	10.0	34	60.00	20.29	1:2	85	46	54	23	60	46	1.67	2.83
IndianRayon(10/50/e)	25.4	122.3	68.5	58.1	309.7	9.6	31.00	9.7	9.82	10.88	31.01	3.81	4.5	28.0	66	107.50	28.19	1:4	80	3	106	75	114	84	2.60	1.85
IndiaSteamship(10/50/e)	9.9	-53.5	0.0	-44.1	83.7	8.7	22.70	24.6	11.61	11.61	22.69	11.72	-26.6	0.0	NA	14.00	1.19	1:1	75	27	17	10	19	12	NA	NA
Indrol(10/50/e)	6.2	24.3	1.9	49.5	154.9	2.3	11.76	7.5	7.27	9.84	8.66	11.80	22.4	36.0	19	227.50	19.28	1:1	86	41	335	175	246	161	1.36	4.60

NOTE: The year 31 March for all above companies unless otherwise indicated. The accounting period in each case is, however, mentioned in the bracket following the company's name: a-8 months; b-18 months; c-10 months; d-15 months; e-12 months; f-9 months; g-16 months; h-11 months; i 14 months; j-17 months; k-13 months; l-7 months. (ended Dec88, ** ended Aug88, + ended Sep88, ++ ended Jul88).*

... net worth and dividend have been annualised.

VITAL STATISTICS

Company (The figures following the company name indicate face value and market lot in that order)	Eq Cap RsCr	Free Res RsCr	Revl Res RsCr	Book Value Rs	Gross Sales RsCr	Other Inc RsCr	Gross Profit RsCr	GrPr Mgn (%)	PAT RsCr	Adj PAT RsCr	Cash Earn RsCr	EPS Rs	Ret/Net Worth (%)	Div (%)	Pay Out (%)	Mkt Price 7June	P/E Multiple	Last Bonus		Bonus % in Cap	MarketPrice				Yield on Mkt Price (%)	Price to BkVal Times
																		Ratio	Year		High 1989 Rs	Low 1989 Rs	High 1990 Rs	Low 1990 Rs		
IngersollRand(10/50/d)	15.8	23.1	0.0	24.6	102.3	7.2	21.73	19.8	13.21	13.21	14.51	10.46	27.2	36.0	27	220.00	21.02	1:1	89	97	425	180	245	190	1.02	8.93
IOL (10/50/b)	14.6	19.2	13.5	23.2	221.8	0.7	12.94	5.8	4.17	5.70	12.16	4.28	5.9	6.7	26	35.00	8.17	1:3	85	81	50	41	40	33	2.86	1.51
ITC (10/100/f)	66.3	41.9	84.5	16.3	1058.7	9.0	53.00	5.0	29.20	29.20	34.99	3.30	20.2	53.3	45	74.50	22.57	1:1	89	63	130	40	75	50	2.68	4.57
JagjitInd(10/100/e)	6.1	19.1	3.9	41.5	121.8	1.8	12.99	10.5	8.45	8.45	10.40	13.93	29.1	35.0	25	105.00	7.54	1:1	88	92	120	60	120	74	3.35	2.53
JaiprakashInd(10/100/d)	66.1	41.9	9.5	16.3	217.4	20.4	35.49	14.9	11.90	12.36	33.26	2.25	8.1	14.4	96	15.75	7.00				17	10	19	13	11.38	0.96
JayshreeTea(10/50/e)	6.2	15.1	23.6	34.6	97.4	14.1	7.96	7.1	1.03	2.68	6.99	1.67	2.3	15.0	34	130.00	77.62	1:2	85	92	113	47	135	77	1.15	3.76
Jenson&Nichol(10/50/f)	1.5	4.5	2.2	39.9	53.8	0.4	1.80	3.3	1.16	1.17	1.59	5.75	18.8	20.0	20	74.00	12.87	8:7	82	35	65	32	78	74	2.07	1.86
JindalStrips(10/100/f)	3.3	19.8	0.0	69.9	136.9	3.5	9.06	6.5	5.77	6.57	7.99	13.11	33.3	33.3	13	140.00	10.68	1:1	89	58	285	112	145	100	1.80	2.00
JK Syn(10/100/e)	38.4	130.0	107.0	43.8	764.5	9.7	64.80	8.4	18.35	18.86	62.60	4.69	6.5	22.0	39	67.50	14.40	1:3	83	53	92	55	68	50	2.76	1.54
JyotiInd(10/50/b)	2.7	10.2	8.6	48.1	59.1	0.6	-10.42	-17.5	-11.64	-11.62	-10.42	-65.15	-36.2	0.0	NA	16.50	NA	1:2	77	24	11	6	23	8	NA	0.34
KanoriaChem(10/100/f)	4.0	25.7	0.0	73.6	51.1	1.7	4.69	8.9	0.68	0.68	4.58	1.26	3.0	20.0	59	22.00	17.43	1:2	89	66	51	29	33	18	4.50	0.30
KEC Intl(10/50/b)	7.3	29.0	4.7	49.5	139.4	11.2	6.31	4.2	2.79	3.59	4.71	5.70	4.5	16.7	35	39.00	6.84	1:1	83	35	72	26	65	38	4.40	0.79
KesoramInd(10/100/e)	8.9	48.1	49.5	64.3	182.4	6.4	5.87	3.1	-6.19	-0.36	5.87	-7.14	-5.9	10.0	****	52.50	NA	1:2	79	67	66	39	54	42	1.89	0.82
KineticEngg(10/50/f)	2.4	19.5	0.0	91.1	88.0	1.5	9.30	10.4	3.27	2.88	9.30	10.22	19.9	40.0	13	165.00	16.15	1:1	89	78	395	120	165	134	0.91	1.81
KineticHonda(10/100/f)	10.0	2.8	0.0	12.8	69.9	1.2	3.17	4.5	1.57	1.36	3.18	1.83	10.5	0.0	NA	55.00	30.03				36	23	55	40	NA	4.28
Kirloskar C(10/50/e)+	26.4	27.1	0.0	20.3	181.9	4.4	23.68	12.7	11.40	10.18	18.68	4.29	21.2	22.50	59	78.00	18.19	1:1	86	94	100	43	90	65	2.88	3.85
KirloskarOil(10/50/f)	5.8	15.0	0.0	36.0	102.6	3.5	5.28	5.0	2.28	2.34	4.76	2.87	14.2	13.3	26	37.50	13.07	3:7	76	77	67	29	40	27	2.69	1.04
KirloskarPneu(10/50/b)	3.9	9.0	0.0	33.5	103.1	5.6	10.92	10.0	6.65	6.55	9.36	25.91	34.4	15.0	13	47.50	1.83				73	45	73	47	4.76	1.42
KothariInd(10/50/e)	7.6	5.8	41.5	17.7	74.4	2.6	5.38	7.0	3.55	3.55	5.09	4.70	6.5	12.5	26	47.00	10.00				34	6	51	32	2.65	2.66
KSB Pumps(10/50/d)	8.7	14.7	0.0	26.9	55.4	1.4	15.10	26.6	8.31	8.38	9.81	11.94	28.4	24.0	16	200.00	16.75	1:1	89	90	445	180	228	185	0.75	7.43
LakhanpalNat(10/50/e)	4.7	6.1	0.0	23.1	61.2	0.6	2.79	4.5	1.16	1.15	1.85	2.47	10.7	16.0	31	29.00	11.73	1:1	87	50	40	16	34	23	2.65	1.26
LakshmiMach(100/5/d)	6.1	18.9	0.0	409.7	614.0	10.0	16.42	2.6	6.97	6.80	15.77	143.06	22.3	16.0	18	870.00	6.08	1:2	89	58	700	365	960	690	2.30	2.12
L&T(10/50/b)	68.1	209.9	84.3	40.8	1197.1	16.0	109.4	9.0	36.52	42.49	96.56	8.05	6.7	20.0	41	70.00	8.70	3:5	86	56	128	69	122	57	3.64	1.71
MadrasCements(100/5/d)	3.0	12.0	0.0	498.0	99.7	1.4	4.85	4.8	-7.07	-6.71	4.81	-297.19	-38.2	0.0	NA	1000.00	NA				810	380	1000	421	NA	2.01
MaduraCoats(10/50/f)	21.8	46.8	56.9	31.4	210.0	1.7	20.74	9.8	11.43	11.49	18.79	3.93	12.1	33.3	48	115.00	29.28	1:2	86	47	109	90	116	101	2.18	3.66
MafatlalDyes(10/50/d)	3.2	7.9	0.0	35.0	52.6	1.9	2.78	5.1	1.49	1.49	1.63	5.91	10.8	13.6	19	30.00	5.07	1:4	89	67	70	27	39	30	3.07	0.86
MafatlalFine(100/5/e)	14.5	23.8	0.0	264.3	177.4	14.9	7.98	4.2	1.33	3.04	7.72	9.19	3.5	10.0	48	287.50	31.28	1:3	80	39	375	180	288	205	3.49	1.09
MafatlalInd(100/5/e)	13.5	43.5	0.0	423.6	125.3	10.5	8.41	6.2	0.65	0.67	7.51	4.83	1.1	20.0	322	590.00	122.1	1:5	78	32	390	255	590	360	2.72	1.39
MahScooters(10/50/e)	2.9	27.4	0.0	105.9	85.9	10.0	11.19	11.7	7.41	7.39	7.99	25.91	24.5	35.0	14	410.00	15.82	1:1	86	65	306	215	415	185	0.85	3.87
Mah&Mah(10/50/j)	19.3	76.2	29.8	49.5	955.9	36.9	45.58	4.6	18.54	20.09	42.48	13.64	10.5	24.7	34	85.00	6.23	2:3	84	72	113	76	103	68	4.20	1.72
Mang chem(10/50/d)	12.4	12.4	0.0	20.0	144.8	36.3	10.09	5.6	8.85	12.74	18.84	8.91	28.6	8.0	10	18.00	2.02				54	17	24	16	5.55	0.90
May&Baker(10/50/d)	4.5	7.6	0.0	26.9	70.4	2.0	5.88	8.1	3.96	0.93	5.30	11.00	26.2	12.0	73	78.00	7.09				85	50	98	69	1.94	2.90
McDowells(10/100/f)	7.7	47.8	21.0	72.2	135.2	8.6	11.21	7.8	8.65	8.65	11.20	8.44	15.1	26.7	18	74.50	8.83	1:1	86	81	112	68	87	72	2.69	1.03
Mico (100/5/e)*	38.1	56.4	0.0	248.3	228.3	5.2	44.81	19.2	15.07	15.44	30.71	39.61	15.9	14.00	35	826.25	20.86	1:1	86	91	700	318	NA	NA	1.70	3.33
ModiInd(10/100/b)	3.3	0.0	0.0	10.0	230.7	6.4	-10.96	-4.6	-16.34	-8.39	-10.97	-74.23	-329.9	0.0	NA	19.00	NA	1:5	69	26	35	16	30	15	NA	1.90
ModiRubber(10/50/h)	10.4	52.5	0.0	60.6	408.9	5.0	26.13	6.3	13.51	13.51	22.13	11.93	23.4	27.3	19	61.00	5.11	0.00	_	0	125	70	75	44	4.11	1.01
ModiSteels(10/100/b)	2.4	1.8	0.0	17.6	21.5	0.6	1.41	6.4	1.02	0.98	1.21	6.48	16.3	16.00	22	24.50	3.78	1:1	87	14	44	23	44	23	3.80	1.39
ModiXerox(10/50/h)	19.5	1.8	0.0	10.9	87.2	0.9	8.70	9.9	4.29	3.57	7.97	2.02	22.1	12.0	56	64.00	31.69				73	52	75	64	1.60	5.87
MRF(10/50/b)	3.9	44.9	0.0	126.2	743.3	1.4	55.61	7.5	25.02	25.02	40.95	97.23	34.2	60.0	14	220.00	2.26	1:2	75	46	470	275	333	190	4.09	1.74
Mukand(10/50/f)	14.7	35.0	45.2	33.7	316.0	1.8	26.27	8.3	17.51	17.41	23.42	8.91	24.6	26.7	17	138.00	15.49	1:2	88	72	145	75	157	127	1.45	4.09
NationalSteels(10/50/e)	4.2	6.5	0.0	25.7	66.0	2.7	4.95	7.2	1.67	1.67	4.95	3.94	15.4	15.0	38	11.00	2.79				17	6	15	10	13.77	0.43
NatRayon(100/5/f)	6.0	-12.1	64.3	-101.3	123.0	1.0	3.31	2.7	1.73	1.31	3.31	20.34	3.7	0.0	NA	655.00	32.20	1:4	72	23	500	140	690	520	NA	NA
NipponDenro(10/100/b)	11.6	14.8	0.0	22.7	155.8	3.0	10.73	6.8	5.13	5.13	10.08	6.62	13.0	20.0	57	36.50	5.52				63	31	58	36	6.83	1.61
Nirlon(10/50/b)	15.8	8.5	16.7	15.4	153.9	2.1	-32.90	-21.1	-51.02	-73.38	-32.90	-48.56	-83.1	0.0	NA	14.00	NA	1:2	82	48	17	8	22	14	NA	0.91
NOCIL(100/5/d)	36.0	82.0	0.0	327.8	449.6	16.2	75.77	16.3	40.74	40.79	55.77	141.46	27.6	32.0	35	1290.00	9.12	1:2	86	67	1690	710	1660	1070	3.10	3.93
OrientalCarbon(10/50/e)	2.4	8.6	6.4	45.5	50.5	0.2	3.50	6.9	1.40	1.40	3.25	5.79	8.0	22.5	39	62.50	10.80	1:3	89	25	65	34	NA	NA	3.57	1.37
OrientPaper(10/100/e)	11.5	80.9	0.0	80.6	190.3	4.6	8.23	4.2	0.93	3.03	8.03	0.79	1.0	10.0	38	82.50	103.8	1:1	86	94	79	20	83	65	1.22	1.02
Orissa Cement(10/100/d)	5.4	26.7	23.7	59.4	141.5	3.8	8.22	5.7	0.25	6.28	8.22	0.58	0.4	16.0	17	42.00	72.58	1:1	87	58	37	32	42	25	'4.76	0.71
Otis(10/50/g)	5.0	15.1	0.0	39.9	78.6	1.5	14.60	18.2	7.42	7.42	9.23	19.63	27.7	30.0	27	210.00	10.70	1:1	85	86	215	170	265	190	1.91	5.26
ParkeDavis(10/50/g)	7.5	7.3	0.0	19.7	100.8	1.0	6.16	6.1	3.06	3.37	4.16	5.42	15.5	26.3	78	113.00	20.86	3:5	78	31	115	37	113	83	3.10	5.73
PeicoElec(10/100/d)	33.3	19.9	20.0	16.0	506.3	6.0	-3.15	-0.6	-17.00	-13.49	-15.61	-6.38	-18.6	0.0	NA	33.50	NA	1:5	82	49	30	15	34	17	NA	2.10
PhillipsCarbon(10/50/e)	5.3	6.6	4.2	22.5	65.0	1.7	2.69	4.0	1.21	1.21	1.69	2.30	7.5	18.0	79	46.00	20.00	2:5	84	70	47	27	48	40	3.93	2.05
Polyolefins(100/5/d)	19.3	45.0	0.0	333.3	224.7	12.2	41.60	17.6	27.12	27.12	32.39	175.65	33.7	28.0	25	1100.00	6.26	1:2	88	69	1450	890	1525	1025	3.18	3.30
PrakashTubes(10/50/e)	3.5	11.5	0.0	42.7	71.3	0.5	5.27	7.3	2.56	2.56	4.79	7.29	17.1	21.0	29	34.50	4.73	3:4	81	9	59	30	37	34	6.11	0.81
PremierAuto(10/50/e)	21.1	62.1	50.7	39.5	452.2	13.0	24.78	5.3	13.65	13.74	21.33	6.48	10.2	27.0	35	57.50	8.87	1:1	86	38	76	39	75	54	3.95	1.46
Procter&Gamble(10/50/e)	6.7	11.6	0.0	27.4	65.4	2.1	9.11	13.5	6.15	6.26	7.24	9.21	33.6	30.0	32	202.50	22.00	4:5	88	82	410	170	235	185	1.48	7.38
PudumjeePulp(10/50/d)	3.1	12.0	0.0	48.9	51.5	1.8	5.77	10.8	2.38	2.38	5.31	3.66	12.7	12.0	19	105.00	10.87	1:5	82	55	100	16	118	100	1.42	2.15
unjabConcast(10/50/f)	1.2	10.9	0.0	102.5	58.2	0.2	6.25	10.7	3.69	4.38	4.75	23.45	40.7	33.3	7	160.00	6.82				380	122	265	160	1.54	1.56
unjabTractors(10/50/g)	3.2	20.8	0.0	76.2	117.4	1.6	8.53	7.2	3.90	3.90	5.55	16.51	12.2	30.0	16	205.00	12.42	2:5	81	29	250	115	205	135	0.96	2.69
allis(10/50/h)	9.5	36.2	0.0	48.0	296.7	2.5	11.52	3.9	7.59	8.02	10.28	7.30	18.1	27.3	30	72.50	9.93	3:10	77	12	150	90	105	70	3.44	1.51

NOTE: The year 31 March for all above companies unless otherwise indicated. The accounting period in each case is, however, mentioned in the bracket following the company's name: a-8 months; b-18 months; c-10 months; d-15 months; e-12 months; f-9 months; g 16 months; h-11 months; i 14 months; j 17 months; k 13 months; l 7 months. (ended Dec88, ** ended Aug88, + ended Sep88, ++ ended Jul88).*

Where the accounting period is other than 12 months, the figures for EPS, return on net worth and dividend have been annualised.

VITAL STATISTICS

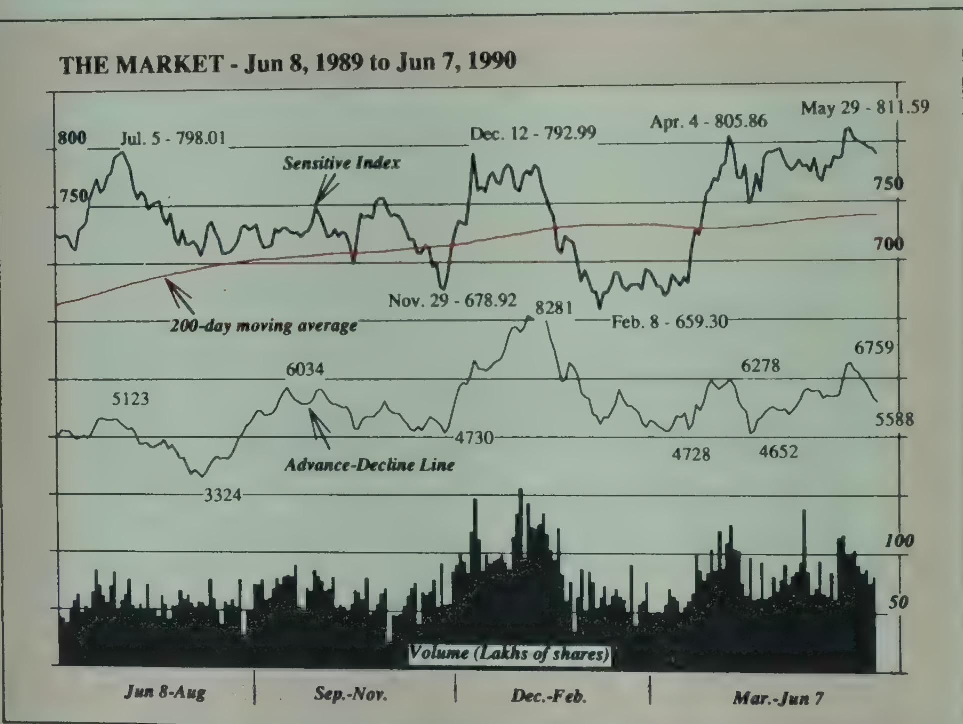
Company (The figures following the company name indicate face value and market lot in that order)	Eq Cap RsCr	Free Res RsCr	Revl Res RsCr	Book Value Rs	Gross Sales RsCr	Other Inc RsCr	Gross Profit RsCr	GrPr Mgn (%)	PAT RsCr	Adj PAT RsCr	Cash Earn RsCr	EPS Rs	Ret/Net Worth (%)	Div (%)	Pay Out (%)	Mkt Price 7June	P/E Multiple	Last Bonus Ratio	Last Bonus Year	Bonus % in Cap	MarketPrice 1989 High Rs	MarketPrice 1989 Low Rs	MarketPrice 1990 High Rs	MarketPrice 1990 Low Rs	Yield on Mkt Price (%)	Price to BkVal Times
RanbaxyLabs(10/50/d)	9.0	29.1	0.0	42.5	179.7	6.4	10.20	5.5	5.57	2.60	9.63	7.77	11.7	30.0	56	99.00	12.75	1:1	88	NA	132	70	110	86	1.64	2.33
Rasoi(10/50/d)	1.2	5.7	0.0	57.7	74.2	1.2	1.73	2.3	0.77	0.91	1.40	8.02	8.9	16.0	26	52.50	6.55	1:2	85	35	75	45	60	52	3.81	0.91
RathiAlloys(10/50/f)	2.9	12.9	0.0	54.9	84.2	0.3	9.67	11.4	2.02	2.02	7.77	5.26	17.0	40.0	43	136.25	25.90				167	93	161	136	2.22	2.48
Raymonds(10/50/e)	22.5	69.2	0.0	40.8	295.1	4.4	42.35	14.1	21.10	21.47	36.75	9.24	22.7	20.0	21	88.00	9.52	1:1	87	78	86	66	88	70	2.27	2.16
Reckitt&Col(10/50/e)*	8.4	13.5	0.3	26.1	71.4	1.4	12.08	16.6	6.75	6.75	7.40	8.05	30.4	30.00	37	215.00	26.72	1:1	88	70	230	145	215	198	1.40	8.23
ReliancePetro(10/100/e)	86.5	0.5	0.0	10.1	0.0	26.6	6.81	25.6	5.02	5.02	5.87	0.58	5.8	15.00	90	22.00	37.90	0.00	_	0	52	37	27	22	2.39	2.19
Reliance(10/50/f)	152.1	913.4	0.0	70.0	1112.5	7.9	166.2	14.8	79.37	95.40	166.2	3.88	9.9	40.0	48	63.50	16.36	3:5	83	10	158	70	90	50	4.72	0.91
Revathi CP(10/50/e)	1.6	3.3	0.4	30.3	17.4	0.4	1.44	8.1	0.88	0.88	1.01	5.38	16.3	20.00	37	75.00	13.95	1:1	87	50	240	51	80	67	2.67	2.47
SandvikAsia(100/5/e)*	5.8	8.8	0.0	252.1	45.8	0.8	6.72	14.4	2.71	2.93	4.93	46.89	18.6	25.00	49	630.00	13.44	1:1	84	80	1010	580	900	620	3.95	2.50
Searle I(10/50/d)	5.2	14.8	0.0	38.4	51.5	1.5	5.14	9.7	2.66	2.81	3.99	6.37	10.6	16.8	30	132.50	20.80	1:2	89	87	217	87	150	108	1.20	3.45
SesaGoa(10/50/e)	5.2	10.2	0.0	29.8	53.9	0.3	3.43	6.3	1.10	1.13	3.22	2.14	7.2	14.0	64	100.00	46.82	2:5	86	42	78	26	106	89	1.40	3.35
Sesha Paper(10/100/e)	6.3	0.0	0.0	10.0	53.3	1.8	0.53	1.0	-2.50	-2.50	0.52	-4.00	-40.0	0.0	NA	13.00	NA	1:2	76	28	19	4	13	10	NA	1.30
ShalimarPaints(10/100/d)	1.9	1.6	0.0	18.4	69.8	0.6	-1.96	-2.8	-2.09	-2.09	-1.96	-13.82	-48.0	0.0	NA	37.50	NA	3:10	82	67	49	20	44	38	NA	2.04
ShawWallace(10/100/f)	12.0	28.1	0.0	33.4	216.3	20.7	15.67	6.6	8.85	8.85	10.02	5.53	29.4	40.0	41	90.00	16.27	1:1	87	94	103	74	92	67	3.33	2.69
ShreeSyn(10/50/f)	5.6	15.1	0.0	36.9	94.4	0.4	9.33	9.8	4.29	4.29	8.98	5.73	27.6	33.3	33	67.00	11.70	2:5	84	29	72	31	67	42	3.74	1.82
SI Shipping(100/5/e)+	6.0	12.3	0.0	304.2	49.6	3.4	-0.06	-0.1	-1.32	-1.33	-0.06	-22.00	-7.2	0.00	NA	1500.00	NA	1:2	82	83	360	60	1625	1200	NA	4.93
SI Viscose(100/5/e)	11.0	21.2	0.0	292.1	103.0	1.9	21.63	20.6	12.89	17.09	15.43	116.86	40.0	35.0	23	1450.00	12.41	1:2	87	56	1170	650	1450	1110	2.41	4.96
SiptaCoated(10/100/j)	17.6	6.3	0.0	13.6	129.4	2.9	4.76	3.6	1.25	1.71	4.03	1.01	3.7	12.0	89	18.00	17.88				28	15	30	13	4.80	1.33
SiyaramSilk(10/100/d)	3.7	7.9	0.0	31.7	86.4	1.7	5.14	5.8	1.14	1.14	4.92	3.89	7.9	14.4	58	47.00	12.07	1:2	88	42	40	23	47	24	3.84	1.48
SKF Bearings(100/5/d)	24.7	36.4	0.0	247.4	131.1	4.6	34.93	25.8	21.12	21.01	27.43	106.88	27.7	24.0	18	1480.00	13.85	1:1	89	80	3020	1140	1570	1230	1.01	5.98
SpecialSteels(10/50/d)	11.4	20.0	0.9	27.5	205.9	0.8	24.22	11.7	14.96	12.60	19.57	16.39	37.0	20.0	15	120.00	7.32	1:2	89	45	168	103	128	90	1.39	4.36
SpicELECT(10/50/d)	34.0	74.2	173.4	31.8	557.8	24.1	44.02	7.6	13.86	13.86	40.77	5.10	3.9	16.0	49	15.00	2.94	1:1	86	50	65	38	19	12	13.33	0.47
StandardInd(10/50/e)	11.1	37.9	35.0	44.3	176.4	16.4	12.08	6.3	3.97	3.97	11.93	3.59	4.7	20.0	56	78.50	21.87	2:5	82	72	580	210	79	61	2.55	1.77
StrawProducts(10/100/d)	10.1	38.5	0.0	48.0	152.4	4.0	11.72	7.5	4.70	4.70	11.41	-6.50	-8.7	24.0	-58	88.00	NA	1:2	72	17	105	45	102	73	3.41	1.83
SundramFast(10/50/e)	5.1	12.1	0.0	33.6	70.9	1.3	6.76	9.4	3.50	3.60	6.01	6.86	20.4	25.0	36	78.00	11.37	3:5	88	56	86	50	86	61	3.22	2.32
SupremeInd(10/50/e)	2.3	13.5	18.6	69.1	85.3	0.6	5.92	6.9	3.27	3.27	5.86	14.34	9.5	45.0	26	280.00	19.52	1:1	87	70	270	187	310	225	1.35	4.05
SurajDiamonds(10/100/h)	7.7	21.3	0.0	37.8	72.6	0.0	6.66	9.2	6.29	6.29	6.51	7.53	23.7	21.8	14	54.00	7.17				110	60	65	51	2.10	1.43
SwadeshiPoly(10/50/b)	3.9	13.9	19.8	45.7	98.6	2.8	7.84	7.7	3.50	4.77	4.34	13.46	6.2	23.3	29	44.00	3.27				57	28	53	38	7.98	0.96
SylvaniaLaxman(10/50/b)	3.0	0.4	7.3	11.3	54.2	1.0	0.57	1.0	-0.52	0.36	0.57	-2.67	-3.3	0.0	NA	22.00	NA	1:2	86	33	26	12	30	20	NA	1.94
Syn&Chem(10/50/e)	5.8	9.4	27.1	26.1	119.7	1.1	8.48	7.0	6.30	6.34	7.38	10.84	14.9	25.0	23	56.00	5.16				81	47	84	64	4.46	2.14
TataChem(10/50/e)	49.2	215.8	0.0	53.9	256.8	34.9	67.80	23.2	35.79	35.79	53.30	7.28	13.5	19.0	24	116.00	15.94	2:5	85	29	130	98	137	118	1.50	2.15
TataPower(100/5/e)	20.5	80.0	0.0	490.7	367.1	12.4	29.16	7.7	22.63	22.45	29.34	110.11	22.4	18.0	16	615.00	5.59	1:5	75	6	457	300	620	410	2.92	1.25
TataPress(10/50/e)	1.6	6.4	0.0	50.4	14.9	0.8	1.79	11.4	0.83	0.83	1.68	5.29	10.5	22.00	42	66.75	12.63	7:11	83	30	88	33	73	55	3.34	1.32
TataRobins(10/50/e)	3.1	4.9	0.0	25.6	54.5	1.2	2.76	5.0	0.92	0.92	1.93	2.95	11.5	18.0	41	40.00	13.57	1:4	77	5	63	42	47	36	3.04	1.56
TataTea(10/50/d)	17.1	78.6	0.0	56.1	218.9	12.6	28.61	12.4	16.86	36.68	21.91	12.33	14.1	40.0	21	204.00	16.54	2:5	88	40	208	120	204	173	2.24	3.64
TataTelecom(10/100/f)	4.5	1.1	0.0	12.4	12.5	0.2	0.60	4.7	0.17	0.17	0.60	0.28	4.1	0.00	NA	45.00	158.8	0.00	_	0	22	15	56	45	NA	3.62
TataUnisys(10/50/d)	4.4	5.1	0.0	21.6	43.1	0.3	5.29	12.2	2.42	2.52	4.33	6.91	20.4	22.00	48	80.00	11.58	2:5	87	29	250	60	85	24	3.42	3.70
TCI(10/50/f)	5.1	14.1	15.8	37.8	88.0	0.7	3.36	3.8	1.11	1.11	3.36	1.64	4.2	14.7	50	45.00	27.46	1:2	86	81	34	14	68	38	2.45	1.19
Telco(100/5/e)	103.7	307.4	0.0	396.5	1638.5	37.9	128.3	7.7	70.03	71.44	113.18	67.36	17.0	25.0	34	148.00	2.20	2:5	82	24	1195	657	148	110	15.80	0.37
Tinplate(10/50/e)	10.1	11.1	0.0	21.0	138.2	1.1	7.27	5.2	4.37	4.37	6.53	4.32	20.6	15.0	35	30.00	6.95	4:5	76	19	42	20	38	27	5.01	1.43
Tisco(10/50/e)	156.1	645.5	0.0	51.4	1772.5	89.3	274.0	14.7	154.3	134.8	248.0	9.89	19.3	30.0	34	117.00	11.83	2:5	87	44	158	102	137	103	2.53	2.28
Tomco(25/5/e)	8.1	20.6	0.0	88.5	282.1	6.5	4.98	1.7	2.16	2.16	4.36	6.26	7.1	15.0	60	150.00	23.97	1:5	81	36	95	52	150	90	2.51	1.69
TribeniTiss(10/50/d)	8.0	8.0	0.0	20.1	57.1	0.1	5.00	8.8	2.07	2.60	3.63	3.25	10.4	18.0	69	94.00	28.88	1:4	84	31	95	34	97	74	2.40	4.69
TVS Suzuki(10/100/k)	23.1	-5.4	0.0	7.7	174.4	2.2	7.60	4.3	3.09	3.09	7.60	1.45	16.1	0.0	NA	14.00	9.66				26	11	16	9	NA	1.83
TwCenturyFin(10/50/e)	8.9	11.3	0.0	22.7	25.2	1.2	16.56	62.8	3.56	3.51	15.89	4.01	17.7	22.0	56	28.50	7.11	2:5	85	34	35	15	34	28	7.71	1.26
UnichemLab(10/50/b)	1.4	4.8	3.6	45.7	65.9	1.2	0.99	1.5	0.16	0.22	0.96	1.78	1.1	10.0	91	40.00	22.50	1:2	86	67	62	40	40	30	3.70	0.88
UnionCarbide(10/50/d)	32.6	45.0	0.0	23.8	254.3	3.5	12.33	4.8	5.52	9.92	9.33	2.12	5.7	0.0	NA	23.25	10.98	1:2	80	74	29	18	30	22	NA	0.98
Unitech(10/100/d)	7.2	12.8	0.0	27.8	58.1	0.9	6.89	11.7	4.68	4.78	5.59	8.11	18.7	20.0	31	27.50	3.39				30	18	43	26	7.57	0.99
UnivCables(10/50/e)	5.3	42.1	0.0	88.8	116.6	2.1	15.08	12.7	1.02	1.46	3.08	1.91	2.2	27.0	75	95.00	49.74	1:2	79	22	180	110	122	95	2.15	1.07
VideoconIntl(10/100/b)	2.5	5.7	0.0	32.7	103.3	2.6	11.91	11.2	6.32	6.32	11.56	37.92	51.5	26.7	16	254.00	6.70				205	55	254	180	1.57	7.76
VikrantTyres(10/50/e)	10.4	4.3	0.0	14.1	200.7	0.9	17.25	8.6	2.75	2.75	16.70	2.54	18.0	15.0	59	30.00	11.82	0.00	_	0	50	20	30	20	5.00	2.13
VindhyaTele(10/100/e)	3.9	9.3	0.0	33.7	53.4	1.4	10.11	18.4	6.67	6.73	8.21	17.10	50.7	22.5	13	78.75	4.60				145	85	100	79	2.87	2.33
VIP Inds(10/100/e)++	6.0	5.4	0.0	18.9	67.4	1.5	3.01	4.4	0.73	0.81	2.87	1.22	6.4	12.00	89	29.50	24.25	1:1	84	59	30	15	30	17	4.07	1.56
Voltas(10/50/l)	19.9	28.2	0.0	242.3	264.1	1.2	11.53	4.3	8.63	9.03	11.53	25.36	30.8	24.0	20	76.00	3.00	1:2	89	49	1000	470	79	65	11.93	0.31
VST Ind(10/50/b)	9.7	10.2	16.5	20.5	434.2	3.2	8.31	1.9	4.82	4.82	6.76	7.49	8.8	33.3	63	52.50	7.01	3:5	89	85	57	22	55	33	5.96	2.55
WestCoastPaper(100/5/f)	4.1	4.5	0.0	210.2	65.9	0.8	1.35	2.0	0.37	0.32	1.35	6.77	5.7	0.0	NA	355.00	52.45	1:5	74	37	220	81	440	290	NA	1.69
WI Enterprises(10/50/b)	4.8	9.7	1.6	30.1	65.9	0.1	4.83	7.3	1.72	1.72	4.46	5.36	7.1	16.0	67	23.50	4.38	3:5	83	19	27	17	28	25	10.26	0.78
Wimco(10/50/d)	13.6	5.5	0.0	14.0	137.2	2.3	-7.87	-5.6	-13.17	-10.68	-10.43	-12.12	-55.3	0.0	NA	18.00	NA	1:5	70	31	27	17	75	17	NA	1.28
Wipro(10/50/f)	3.7	16.7	0.0	55.4	115.0	5.5	5.40	4.5	2.68	2.68	4.90	5.46	17.5	33.3	17	207.50	37.99	1:1	89	95	450	190	275	190	0.60	3.75
ZuariAgro(10/50/d)	12.4	54.5	0.0	53.8	247.2	99.9	27.19	7.8	12.06	15.19	18.04	11.37	13.5	28.0	30	62.00	5.45				77	58	66	50	5.64	1.15

NOTE: The year 31 March for all above companies unless otherwise indicated. The accounting period in each case is, however, mentioned in the bracket following the company's name: a-8 months; b-18 months; c-10 months; d-15 months; e-12 months; f-9 months; g-16 months; h-11 months; i-14 months; j-17 months; k-13 months; l-7 months. (ended Dec88, ** ended Aug88, + ended Sep88, ++ ended Jul88).*

Where the accounting period is other than 12 months, the figures for EPS, return on net worth and dividend have been annualised

END OF THE LINE

Even though the Dalal Street indices hit new highs on 29 May, they faltered immediately thereafter. As a consequence, the Sensex (the Bombay stock exchange sensitive index) was only marginally better at 790.03 than its 25 May close of 787.10. The National Index (NI) actually declined from 427.47 to end the fortnight at 424.53. The market was strongest on 28 May (the first day of the fortnight under review), with the NI jumping by 9.38 points and the Sensex by 23.05. The indices then improved fractionally the next day, the record day for the index highs. The NI ended the day at 439.24 and the Sensex at 811.59. The NI's high of 439.24 is its highest ever on record, while the Sensex touched 816.91 on the day — fractionally behind its personal best of 817.60 recorded on 5 April.



Immediately after making the new highs the market declined on every subsequent day of trading — seven consecutive sessions, which is an extremely rare occurence. Declines outnumbered advances on each of these days, indicating that it was not just the index stocks which suffered. What has been curious about the decline though, is that the total points lost have not been of any earth shattering magnitudes. The NI lost 12.66 points and the Sensex 21.56 points since the decline began. These are the sort of values often lost over a single day. This market action is suggestive of a gradual erosion rather than any form of panic selling — the good corporate results which are continuing to pour in have been an anaesthetic for the average investor.

Though both indices recorded new highs, they did not clear the previous best closing values (observed on 4 April) of 431.61 (NI) and 805.86 (Sensex) by any significant margin. While what constitutes a "significant" margin is a matter of opinion, most analysts accept a 3% clearance. Since the new highs failed to clear the previous bests by such a margin, and as the market went into a decline thereafter, we are still within the "Dow Line" which has been in effect since 4 April.

The 200-day moving averages (DMAs) of the indices — which indicate the longer term direction of the market — improved marginally over the fortnight. The 200-DMA for the NI was at 394.64, while that for the Sensex stood at 738.06. However, for all practical purposes the averages are "flat", as the indices have been crossing them in both directions quite regularly during the past 10-12 months. In fact, observation of the indices over the past year shows the market to be moving horizontally, rather than in a pronounced up or downtrend.

The latest volume figures are continuing to favour the distribution theory — that money is leaving rather than entering the market while the Dow Line is in progress. Heavier volumes have continued to accompany days of market declines and stagnation, rather than on days when the market improved. The sharp rise on 29 May was accompanied by a

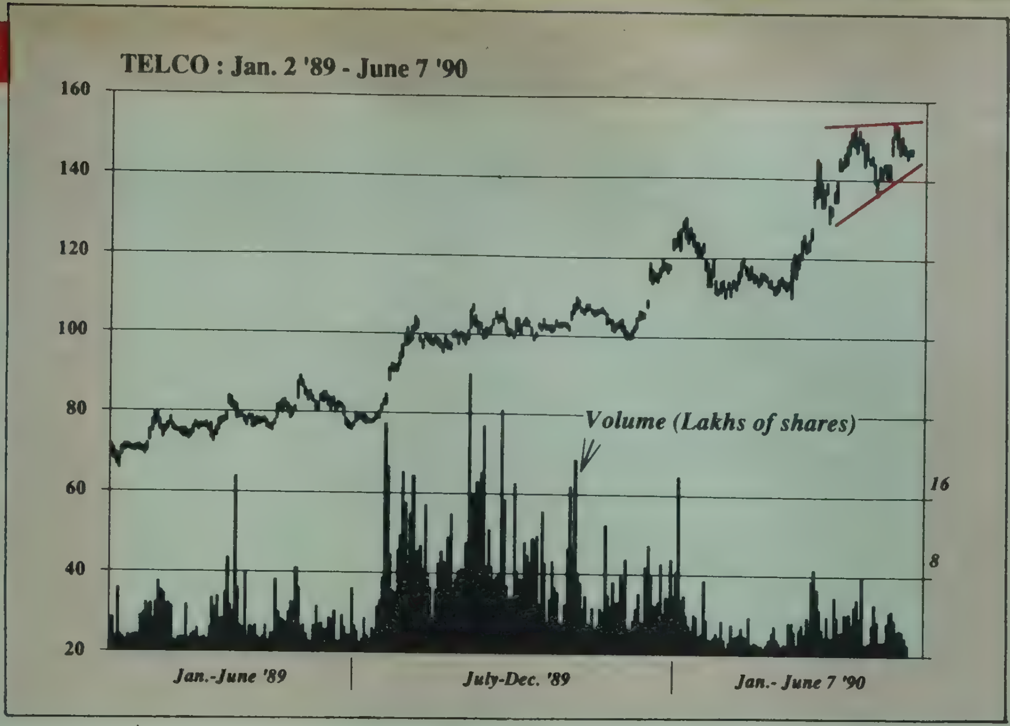
volume of 99.68 lakh shares — which was less than the volumes on 24, 25 and 29 May — days which were far less bullish. The volumes on those three days were 112.98, 116.11 and 100.34 lakh shares respectively — with the Sensex down 2.06 on 24 May and up by 1.02 and 1.44 points on 25 and 29 May.

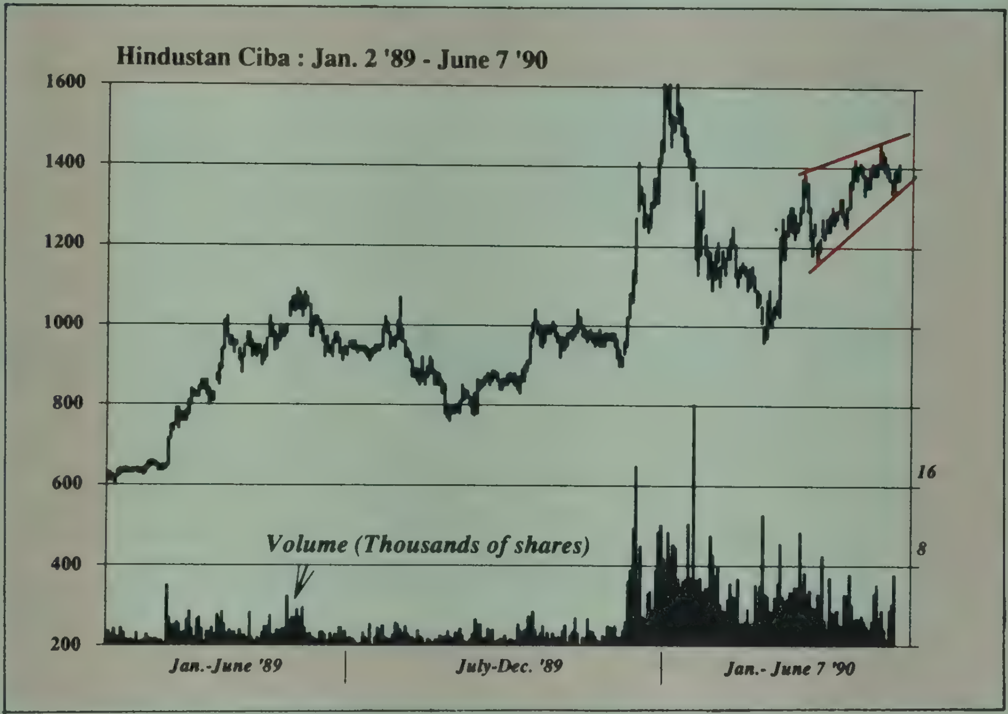
The point here is that the kind of jump witnessed on 28 May should have attracted much bigger volumes to convince us that the big money is on the side of the bulls. Once the decline set in, volumes dropped gradually — these were 102.84, 90.22, 83.67, 86.60, 74.73 and 80.55 lakh shares on 30 and 31 May and 1, 4, 5 and 6 June respectively. The corresponding declines in the Sensex were 7.70, 3.09, 1.30, 1.89, 2.50 and 0.93 points. From the slight but perceptible decline in volumes, it would appear that the sellers have either dried up, or that they are awaiting better prices to sell at.

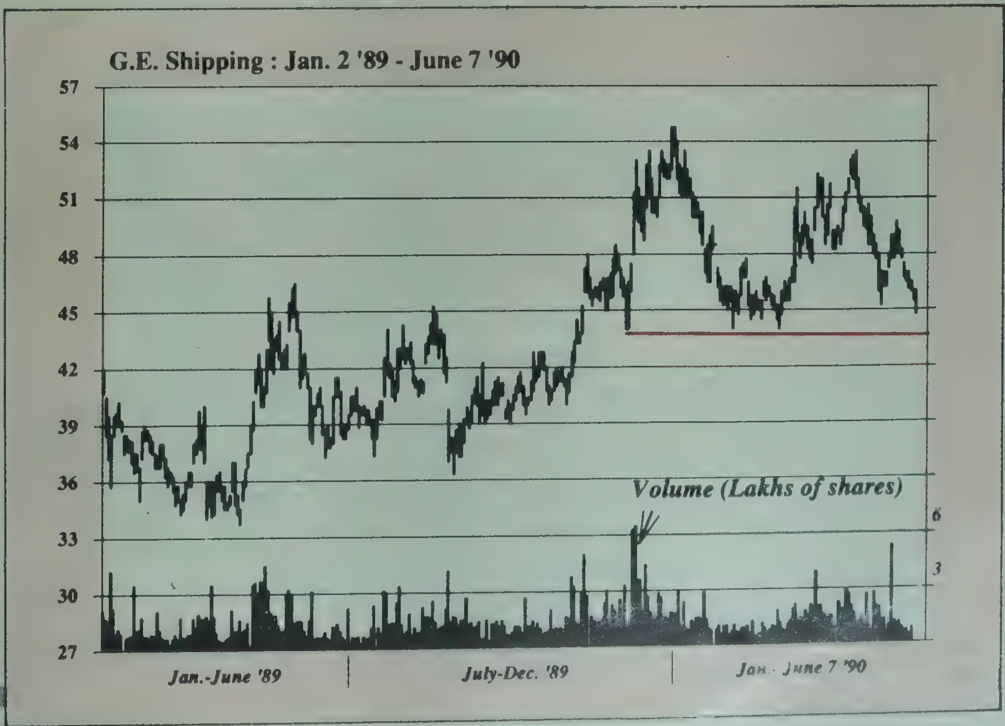
Apart from the volume warnings, the A-D (advance-decline) line has gone into a steady decline as well, indicating that a downward violation of the Dow Line is not only getting more probable but is also imminent.

Many previously bullish stocks are appearing to top out. This fortnight's charts cover four of these. **Telco** appears to be in a rising wedge which is bearish. The formation could, however, well be an ascending triangle which is likelier to be bullish (giving a target of Rs 165-170). The best bet may be to hedge bets until a violation of one of the trendlines. A downside breakout would be bearish, while an upside one would vindicate the Telco bulls. **Hindustan Ciba** is an unmistakable rising wedge and could be headed for its lower support levels around Rs 1,100. **Great Eastern Shipping** would complete a bearish double top formation should it sink below its Plimsoll line at Rs 44 which could take it to Rs 34. Support at the current price would mean security of sorts within a rectangle or triangle. **Grasim** is in an ascending triangle — a suspicious one because of its high volumes. A violation of one of the trendlines would be significant though — flagging off a big move in the direction the breakout takes.

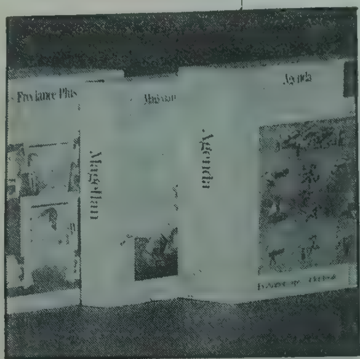
■ *Deepak Mohoni*
The author is a director of Midas Vision, which deals in software and computer graphics.







LOTUS: BLOOMING IN INDIA?



Going global. That's the buzz phrase in the boardroom of Lotus Development Corp, the second largest software giant in the US. With sales sagging at home, the company is busy identifying new markets to boost its sales curve and hold on to market shares. That translates into a sharp focus on developing countries, where the software market is growing at the fastest clip. And that also explains why David MacDonald, the software giant's director, international business development, announced the launch of Lotus' operations in India last month.

For Lotus, developing new markets has become imperative for maintaining sales growth. That's because on home turf, sales of fresh versions have almost stagnated. And the new sales mostly comprise upgraded versions of the Lotus 1-2-3 spreadsheet, which are not only lower-priced but also have smaller profit margins. Admits MacDonald: "The sales growth of PCs (personal computers) in the US have slowed down to 10% per annum and hence our sales growth has slackened a bit."

No cause for worry there, though. Already, Lotus is reaping the fruits of its thrust in international marketing. Consider: in the two years between 1987 and 1989 Lotus' turnover grew by $160.43 million. Of this, the sales in the domestic market accounted for a paltry $43 million, while the whopping balance came entirely from overseas sales. No wonder then that 41% of the company's turnover in 1989 came from sales overseas. Compare that with a mere 9% in 1984 and 28% in 1987.

But go-go action on the overseas front has had other fallouts too. Costs, for example. Selling abroad is expensive. Lotus' marketing and sales expenses, which stood at $126.8 million (32% of turnover) in 1987, have shot up to $221.7 million (40% of turnover) in 1989. And the bottomline is already reflecting this. The net return on sales in 1989 dipped to 12.2% from 18.2% two years back.

Incorporated in 1983, Lotus Development

"THE INDIAN MARKET IS REALLY GROWING"

David MacDonald is Lotus' director for international business development, the department responsible for developing new markets. He visited India for the first time in May this year to announce the launch of operations in India. MacDonald, in an exclusive interview with BusinessWorld, *talked on various topics. Excerpts:*

■ On the need to focus on the international market.

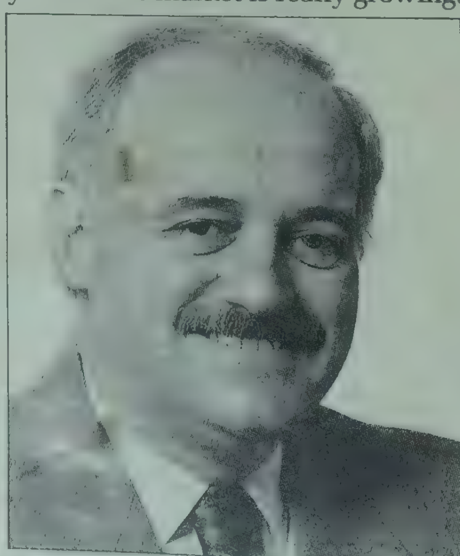
We have realised that overseas marketing of our products is the primary way to grow but not the only way. We are slowly moving out our investments from the US to regions which offer better growth potential. Recently, we have reorganised our company dividing it into four groups, one of it being for international marketing.

■ On the declining net return to sales ratio of Lotus.

The reason for this is simple. With a slowdown in sales growth rate in the US, we need to market our product aggressively in the international market. This costs money. Our objective is to achieve a 25% growth every year in sales, profit before tax and interest, and return on equity. We may not succeed every year but will always work in that direction.

■ On the software market in India.

Piracy is rampant in the country. I believe out of an estimated 1.30 lakh Lotus 1-2-3 in use here, over 90% is pirated. We estimate the PC population at present at 1.70 lakhs and growing at the rate of 1 lakh every year. So the market is really growing.



■ On Lotus' plans in India.

Everywhere in the world we are selling our products through local distributors only because it is not the company's policy to market directly in the international market. In India, we provide strong support to TCS (Tata Consultancy Services).

At a later stage India can serve as a software development centre for our international markets. As a matter of fact we do localise our products and manufacture them in some countries outside the US.

■ On the performance of Tata Consultancy Services.

They have done very well in the past one year. As a matter of fact the actual sales are much more than our expectations.

■ On the Lotus-Novell tieup controversy.

Though we (Lotus and Novell) are in entirely different categories, we both have a common programme for future growth. So a decision was arrived at for a merger. However, when we both sat down to negotiate, disagreement cropped up. They wanted four directors out of eight on the board, while according to earlier discussions, out of seven directors, four were to be from Lotus and the remaining three from Novell. They also wanted their man to head the company though we had initially agreed that the chairman of the company would be from Lotus. We mutually agreed to call off the deal.

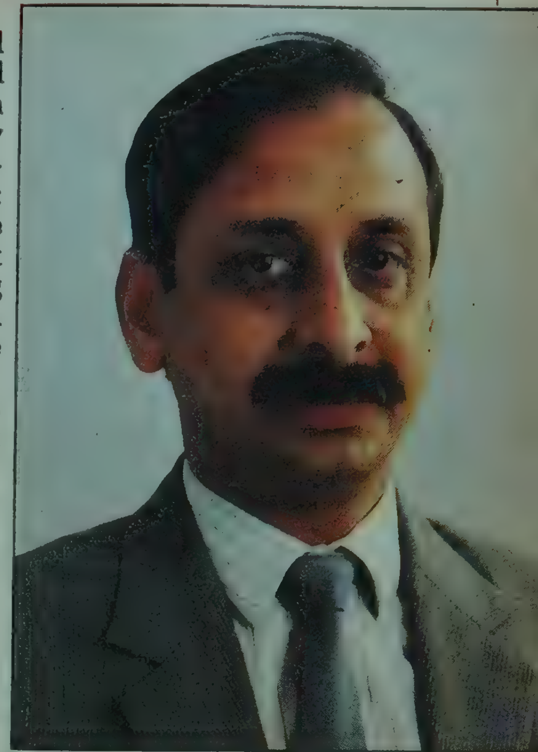
Corp tasted runaway success with its very first software — Lotus 1-2-3. This financial package software commonly termed as a spreadsheet, today accounts for nearly 65% of the market in 65 countries and is available in 10 different languages. Miles behind Lotus in the spreadsheet market is Borland Quattro, with a market share of just around 10%. But despite having a presence in every kind of software — database, word processing, graphics and communications — Lotus spreadsheet and its updated versions are the hottest selling products of the company, accounting for more than 50% of sales.

The reason for that is simple. With the boom in personal computer sales in the early eighties, software companies targeted at different niches in the market. "And it is difficult now for them to enter 'other' areas," says an industry source. For instance, Lotus (projected sales in 1990: $750 million) at the No.2 spot has its main strength in spreadsheets, while Microsoft ($1.1 billion) at the top of the list has operating system software MS-DOS as its hotseller. Similarly, No.3 player Novell ($500 million) has its main strength in networking. (Recently, Lotus and Novell cobbled up a plan for a merger which would have spawned a virtual superpower in software. But the plan fell through when the two managements failed to agree on vital issues.)

But Lotus' task in India is cut out for it. The Indian software market is dominated by pirated versions. And the indigenous industry is fledgling. The biggest Indian spreadsheet manufacturer is Softek, with a turnover of just Rs 1 crore. Industry sources estimate the PC population in the country at around 1.7 lakhs. And among an estimated 1.30 lakh spreadsheet users, 1.10 lakh use Lotus 1-2-3. Great news for Lotus? Hardly. "As much as 95% of them are pirated versions," says Ganesh Krishnamurthy, Lotus' country manager (India).

Far from being daunted by such frightening figures, Lotus is bullish about India. With sales of PCs expected to zoom in the country, the company has its eyes set on the Indian market. Says MacDonald: "The market is really growing" (see interview p.96).

But this isn't the first time Lotus is eyeing India. In 1985, it attempted, in vain, to gain a foothold in the market through a tieup with Computer Point. The hurdles then were the internal problems of the Indian partners and the import laws which ban import and storage of software for resale in India (though the item is on the Open General Licence list). But Lotus got over that. Since a software exporter is allowed to import and store software for resale, Lotus last year again tied up with Tata Consultancy Services (TCS) for sale of its products in India. Though Lotus is cagey about revealing the actual sales in India by TCS in the past one year, sources claim sales of around 8,000 pieces.


KRISHNAMURTHY IS NOT FAZED BY PIRACY

But if Lotus cannot sell software directly in India and "TCS is doing its job well" (a Lotus management claim), why set up a base in India? Krishnamurthy provides the answer: "Aggressive marketing in the beginning. All kinds of support to TCS in the first phase, leading to manufacture of software in India for worldwide sales in the fourth phase."

That's not all though. There's more on the Lotus priority sheet than selling spreadsheets. Piracy. With a hefty price tag of Rs 11,000, the Lotus 1-2-3 is expensive compared to the world's second largest selling spreadsheet Borland Quattro, which is retailed in India at Rs 7,000 a package. And as if that were not enough there are the pirated versions of Lotus, available for between Rs 1,000 and Rs 3,000, depending on the source of purchase. "Our first and foremost task would be to try to curb sales of pirated versions in the country, besides educating people on the advantages of our spreadsheet," says MacDonald.

But there's already a silver lining on the piracy front. Explains Krishnamurthy: "There are two recent major developments which offer a tremendous potential for legal software." First, executives have started using PCs themselves and being quality conscious they would not mind paying extra for a complete legal updated version of international standard. Second, the virus scare has also improved sales of legal versions. Another factor is the increasing sales of software to institutions which seldom go in for pirated versions.

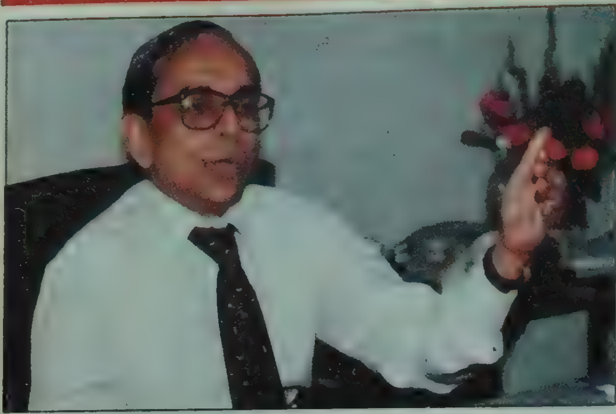
'Full support to TCS' appears to be the cornerstone of Lotus' action plan in India. "We will be supporting their efforts to look for larger accounts and create market awareness," claims Krishnamurthy. While in phase I, the company will answer queries of users and others directly and promptly, it will also help enlarge the market through educational programmes. Local authorised consultants are to be appointed to teach the usage of Lotus tools effectively. "And after gaining an initial foothold, we will be looking forward to utilising the vast pool of software talent available in the country," says MacDonald. Lotus will thus be tailoring its software for local use in this part of the world, translating software into different Indian languages and manufacturing software in the country for marketing abroad.

In short, Lotus is all set to bloom in India.

■ *Shashi Shekhar*

With the Indian market growing at a fast lick, Lotus expects to go places

CP CAPERS



IYER FINDS CP INTEREST RATES UNREMUNERATIVE

It's barely six months old, but already the action seems to be hotting up in the market for the newest short-term money market instrument — commercial paper (CP). Undercutting. That's the name of the game. With CPs enabling companies to borrow funds at interest rates lower than the minimum bank lending rates of 16%, commercial banks handling CP issues have already got into the act.

By end-March, it was out in the open. Banks placing CPs had begun undercutting. And CP interest rates fell to as low as 11.5%. But wonder of wonders, there were takers at that level. Companies issuing CPs had the last laugh. Perhaps it was the novelty of the instrument which did the trick. Or was it because the main takers were the two funds-flush institutions — Industrial Development Bank of India (IDBI) and the Unit Trust of India (UTI) — which found a good opportunity to park short-period funds?

Whatever the reasons, the action on the CP front has already become a talking point. While interest rates for the CPs issued by nine companies till date have ranged between 11.5% and 13.5%, money market experts are already advising caution. Says managing director of Discount and Finance Houso of India (DFHI) T.N. Ananthram Iyer: "The lower end (of the interest range) is totally unremunerative." According to him, 14% interest rates are just and fair. Iyer's worth listening to. For DFHI is the main player in tne secondary market for CPs. And if the main player finds interest rates unremunerative, the CP market could turn sticky.

Others at the DFHI echo Iyer's view. Asks S.R. Kamath, a senior manager: "When other safe investment avenues assure a 15% return, why should one go in for instruments which promise low interest?" Though the DFHI may wonder why, it's obvious that there are takers. Even at low rates. The 15 CP issues okayed till date have an aggregate value of Rs 153 crores (see table). And already 11 of them have been pushed through.

Great future. Everybody's not as sceptical as Iyer and his colleagues, though. There are others who feel CPs have a great future. Says Credit Rating Information Services of India Ltd.'s (Crisil) managing director Pradip Shah: "Undercutting in a flexible interest rate situation is bound to happen. But any finance manager worth his salt should go for CPs." It seems logical. Consider: if a company is sitting on idle cash locked up in banks fetching a 5% return, doesn't it make sense to buy CPs which promise even, say, a 7% return?

That apart, there are other reasons which make investing in CPs seem rosy. Safety, for one. The risk element in CP issues are much lower, than say in the inter-corporate money market. That's because every CP flotation is underwritten by banks. Besides, there's a stringent set of norms that have to be met before a company gets a nod to issue the instruments. And though the Reserve Bank of India (RBI) has recently relaxed some of these norms (see box), they're still strong enough to minimise risks.

But bankers believe the undercutting craze is just a temporary phenomenon. Says a foreign banker: "Once the number of players increases and competition hots up, the rates will begin moving upwards." By late May that prophecy seemed to be turning true. And interest rates for CPs issued by P1+ rated (the highest ratings) companies were higher, ruling at 13%. Says a money market watcher: "If P1+ companies offer 13%, companies with lower ratings would naturally have to offer higher rates to lure takers.

Long way to go. There's still a long way to go, though. If the real short-term flavour of the CP market has to flourish, a secondary market has to evolve where CPs are bought and sold by investors. Says Iyer of DFHI: "The secondary market for CPs is yet to grow." And that's resulted in a problem of liquidity. Already a foreign bank has had problems, saddled with CPs it couldn't offload.

But although a full-blown secondary market for CPs is still a far cry, a beginning has been made. The DFHI, for example, has made a modest foray. And others like UTI and IDBI are also dabbling in the instrument. That is not bad, considering that a secondary market in the US (where CPs have been floating around since the 1920s) is yet to mature!

Whatever action that's on in the market is, however, just the beginning. With the RBI's new norms in effect, a host of new CP launches are on the cards. And that, quite clearly, promises more action.

■ *Roy Pinto*

THE CP BANDWAGON

Company	Size of CP issue (Rs crores)
Ashok Leyland	15
IPCL	30
Indian Aluminium	6
Bajaj Auto	17
Hindustan Lever	15
Balmer Lawrie	7
Tube Investments	5
Musco	5
Indian Rayon	5
Asian Paints	5
Sundaram Finance	10
20th Century Finance	9
Brooke Bond	11
Glaxo	6
Polyolefins India	7.5
Total	**153.50**

EASIER NORMS

Recently, the RBI eased the set of preconditions that a company has to satisfy before it issues CPs. The new set:

- A company's tangible net worth has to be Rs 5 crores or more. Earlier, it was Rs 10 crores.
- The fund-based working capital limit of a company has to be at least Rs 15 crores. Earlier, the minimum limit was Rs 25 crores.
- The minimum Crisil rating can be P1 or higher and not only P1+ as earlier.
- The denomination of CPs has been reduced from Rs 25 lakhs to Rs 10 lakhs and multiples of Rs 10 lakhs.
- The minimum size of holding for a single investor has been halved to Rs 50 lakhs instead of the earlier stipulation of Rs 1 crore.

HONGKONG BANK: RARING TO GO

There's a new streetfighter on the steaming turf of foreign banks in India: Gerry Clive Dobby, The Hongkong & Shanghai Banking Corp's new CEO, India. And he's all out to give India's most aggressive banker Jerry Rao of Citibank a run for his money. Says Dobby, "I'm going to play 'catch up with Citi'. But if I can't, I'm going to match them and ensure that the headstart they have over us doesn't increase."

In banking today, that means speedier services which translates into increasing computerisation. And Dobby has already cobbled together a gameplan which involves spending Rs 20 crores over the next two years on "improving the bank's core information and delivery systems."


DOBBY'S AMBITIONS RUN HIGH

Tight deadline. The first part of this has already got moving with a Rs 4 crore contract being awarded to Tata Unisys to install 300 i286-based teller workstations at Hongkong Bank's 22 centres (including the British Bank of the Middle East) in five cities all over the country. And the deadline for installation is tight — six months between October 1990 and March 1991. One of the benefits of the workstations will be that signature verification and transaction processing will become easier and quicker. "In effect, that means better customer service,"says Dobby.

Though the emphasis at Hongkong Bank will be "developing retail banking to offer broad-based services," Dobby is not neglecting the corporate side. The merchant banking division is being beefed up to offer project and consultancy services also. Says Dobby, "A bank is a clearing house of contacts and information. And we can, through our network, identify suitable ventures and partners both overseas and in India."

Under wraps. Dobby is also working out " a new way of meeting the bank's priority sector lending targets." "Agreed, our priority sector lending is not up to the mark. Therefore, we are working out a scheme to improve the situation but it's under wraps now."

There are goodies for NRIs too in Hongkong Bank's scheme of things. NRIs will be able to use their overseas ATM cards in India if the bank's ideas bear fruit. The global market too is not being ignored. The gambit is to float a $50-$100 million offshore mutual fund possibly with the Unit Trust of India. Says Dobby, "We're in queue like the others for the mutual fund."

But that will take some time doing. Meanwhile, Dobby will have his hands full with the teller workstations. "There's training of staff to be done. And mind you there are 300 of the teller workstations to be installed. We've set ourselves a tough task but its can be done."

But once that's done he'll have his chance to "get at the huge untapped banking potential numbering in millions" and make a try for the No.1 spot.

■ *Anil Wanvari*

NEWS BRIEFS

■ The **Bank of Baroda** has plans to set up a mutual fund and housing and venture capital subsidiaries.

■ The finance ministry has issued guidelines to facilitate the payment of cash compensatory support (**CCS**) for export of **computer software**.

■ The World Bank has warned the Indian government of high **double-digit inflation** in the long run if it does not mend its fiscal and balance of payments deficits. It has also recommended a sharp cut in **tariff rates** and a proportionate increase in **excise duties** to compensate for the losses which the central exchequer will suffer as a result of the cut.

■ The global deposits of **Bank of India** recorded an increase of Rs 2,472 crores or 19% to Rs 15,508 crores. The aggregate deposits in India amounted to Rs 10,380 crores.

■ The **RBI** and the National Bank for Agriculture & Rural Development (**Nabard**) will replenish the funds of commercial banks in advance in order to avoid any **liquidity crunch** that may follow the massive write-off of loans by the banks under the Agriculture and Rural Debt Relief Scheme, 1990.

■ **Dena Bank's** total deposits crossed the Rs 3,000 crore mark by recording an increase of Rs 303 crores from March 1989 to March 1990.

■ The **Indian Bank** has drawn up a five-year strategy (1990-95) to take its domestic deposits (DDs) to Rs 10,000 crores by March 1995. The current DDs are Rs 5,855.21 crores.

■ **Canbank Mutual Fund** is to shortly launch two offshore mutual funds: a $60 million Commonwealth Equity Fund in association with Batterymarch, Canada, and a $100 million fund called the Highland Fund NV in association with Banque Indo Suez, Hongkong.

173 companies that made good in the US, Europe and Japan

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Selected candidates will undergo training for a period of 12 months. During the training period, they will be paid an attractive Consolidated Stipend. On successful completion of the training, they will be absorbed in the Company's Management Cadre in either Sales or Marketing functions.

Send your detailed RESUMÉ for the above posts within 10 days to :

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The company offers an attractive remuneration package (which includes housing).

Please apply in strict confidence within 10 days to:

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MANAGER - HRD

DELHI **ATTRACTIVE TERMS**

The incumbent shall assist in all aspects of human resource management, including recruitment, performance appraisals, compensation reviews, training & development activities. Should be a post graduate in Personnel from a well-known institution with at least 7 years relevant experience in well established organistions. He should be a self-starter with the ability to independently look after the HRD functions and communicate effectively. Age: 30-35.

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Preferred age: 32 – 37 years.

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COMMERCIAL OFFICER - AHMEDABAD :

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Age:

Preferably not exceeding 40 years.

Experience:

About 8-10 years' allround experience in manufacturing/production planning/marketing/projects in an Engineering Industry of which about 3 years should be as a Project Engineer/Manager in actual project formulation or implementation.

Job experience:

Should be familiar with concepts like Technology Forecasting, Corporate Planning, Diversification and Market oriented product search and have the flair to conceptualise such schemes into viable project proposals. Knowledge of project financing criteria and appreciation of financial aspects in project formulation will be necessary.

Applications giving full details of qualification, experience, present and expected salary should reach us within ten days. Please superscribe the envelope and the application as "Application for Manager - Projects" and address it to:

Senior Manager-Personnel
Bharat Fritz Werner Limited
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Candidates who had applied earlier, need not apply again.

P-90/10

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Candidates should be Electronics/Science graduates preferably with Business Management qualifications in the age group of 30-35 years having minimum 4 years relevant experience in the marketing/sales functions in a National Organisation dealing in Office Automation/Consumer durable products.

The incumbent for this position shall be responsible for achieving the set sales targets, monitor and provide marketing in-puts to branches, formulate sales and marketing strategies, handle publicity and promotion.

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Bangalore: 568227/8228 • Hyderabad: 842520/0064

APPOINTMENTS

Our clients, a highly reputed, large Middle East business group with diverisifed operations, require top calibre personnel, professionals with outstanding track records to man key slots in the organization. The group, with both trading as well as manufacturing interests and employing over 3000 people, is known for its highly professional management practices. It pursues enlightened personnel policies and the top management attaches considerable importance to the human resources function.

MANAGER – TRAINING & DEVELOPMENT (LBS/126)

He will manage all training and development activities for the group. This will include preparation and implementation of the annual management manpower plan, analysis of annual training needs, creation and implementation of both technical as well as managerial training programs, development of a process that enables and encourages employees to update their skills and management of the quantitative objectives and performance review program.

We are looking for a person with strong intellectual and conceptual skills to help the management develop effective individual management development programs. He must have the ability to think abstractly as well as operationally and be persuasive enough to get others in the organization involved in the training process. He must possess a high degree of maturity and self confidence to deal with groups and interact with top management.

MANAGER – RECRUITMENT (LBS/127)

He will manage all phases of the recruitment and employee selection process for the group. This involves both the ability to develop and implement innovative employment strategies and to be a hands-on recruiter of a large number of people. In addition, the incumbent will develop and implement an orientation program for all new employees, manage all 'within the country' hiring, manage the hiring, maintaining and firing activities of all present and future employees with fixed term contracts, recruit all professional and managerial employees for jobs filled from outside the company and recruit participants for the company's graduate training program.

For this position, the successful candidate will be expected to possess sensitivity and skills necessary for interacting with people from diverse cultures. He must, in addition, have good interviewing and assessment ability coupled with the insight and intuition to discern candidates' strengths and weaknesses and their ability to adapt to the organizational culture. He should be comfortable in travelling to third world countries. It is also required that he has some degree of fluency in Arabic and a few of its dialects.

MANAGER – EMPLOYEE RELATIONS (LBS/128)

He will be in charge of administering the day to day personnel functions. He will also develop, interpret and implement human resource policies and procedures. People management will be another critical component of the job. Detailed functions would include personnel administration involving, inter alia, ongoing employee benefit schemes, ongoing reports on employee demographics, administration of fixed term contract employees, maintenance of employee records, interface with Legal on employee labour law and documentation management. In addition, he will also be responsible for managing the Time and Attendance program, development and implementation of innovative approaches to employee records and information, management of the grievance and discipline process, representation of employee issues to management and vice versa, provision of camp supervision for fixed term contract employees and management of the payroll system.

APPOINTMENTS

For this position, we are seeking an individual with excellent man-management skills who understands the concepts of delegating, coordinating work and motivating employees. Other critical traits are capacity for hard work, ability to lead by example, exceptional listening skills to hear the issues of the work force and attention to details.

MANAGER – COMPENSATION (LBS/129)

He will be responsible for all phases of compensation including conceptual design of new and innovative compensation programs to hands-on execution of compensation activities. Specific job functions would involve development, evaluation, maintenance and management of a process for job analysis that is comparable with the Hay job evaluation process, development and maintenance of up to date job descriptions for all employees including writing of job descriptions and the training of managers and supervisors in the writing of job evaluations, development and maintenance of a system to keep company salaries and benefits competitive with competition and development and maintenance of processes to reward performance and retain employees with better job performance.

For this position, a person with strong conceptual ability to absorb new information and utilise the same to develop innovative programs is required. He must have a strong self concept and the ability to stick with convictions. Self discipline and the ability to meet challenging deadlines are other critical factors sought in the candidate.

The above positions constitute the core management team which will participate in meeting broad human resources and administrative challenges under the overall direction of the Vice President – Human Resources. The team will play a key role in facilitating effective employee communications, developing state-of-the-art human resource information systems and improving the speed and effectiveness of getting things done.

We are looking for post graduates in management with specialisation in the personnel area, in the age group 40-50 years, with considerable experience in the personnel function in reputed, professionally managed companies and a high degree of proficiency expertise, aptitude and interest in functions pertaining to the specific position sought. In addition, they must be articulate and possess exceptional public speaking skills, be excellent communicators, possess a working knowledge of personal computers and be team players.

The compensation package could work out to around Rs. 5 lacs per annum in addition to usual perks like company housing, car, etc.

Interested candidates may please apply superscribing the envelope with the above reference numbers, to:

PERSONNEL SEARCH SERVICES
Regd. Office: No. 1, 3rd floor, Sambava Chambers, Sir P. M. Road, Fort, Bombay-400 001. Tel: 286 2660, 295963, 255476, 286 0755

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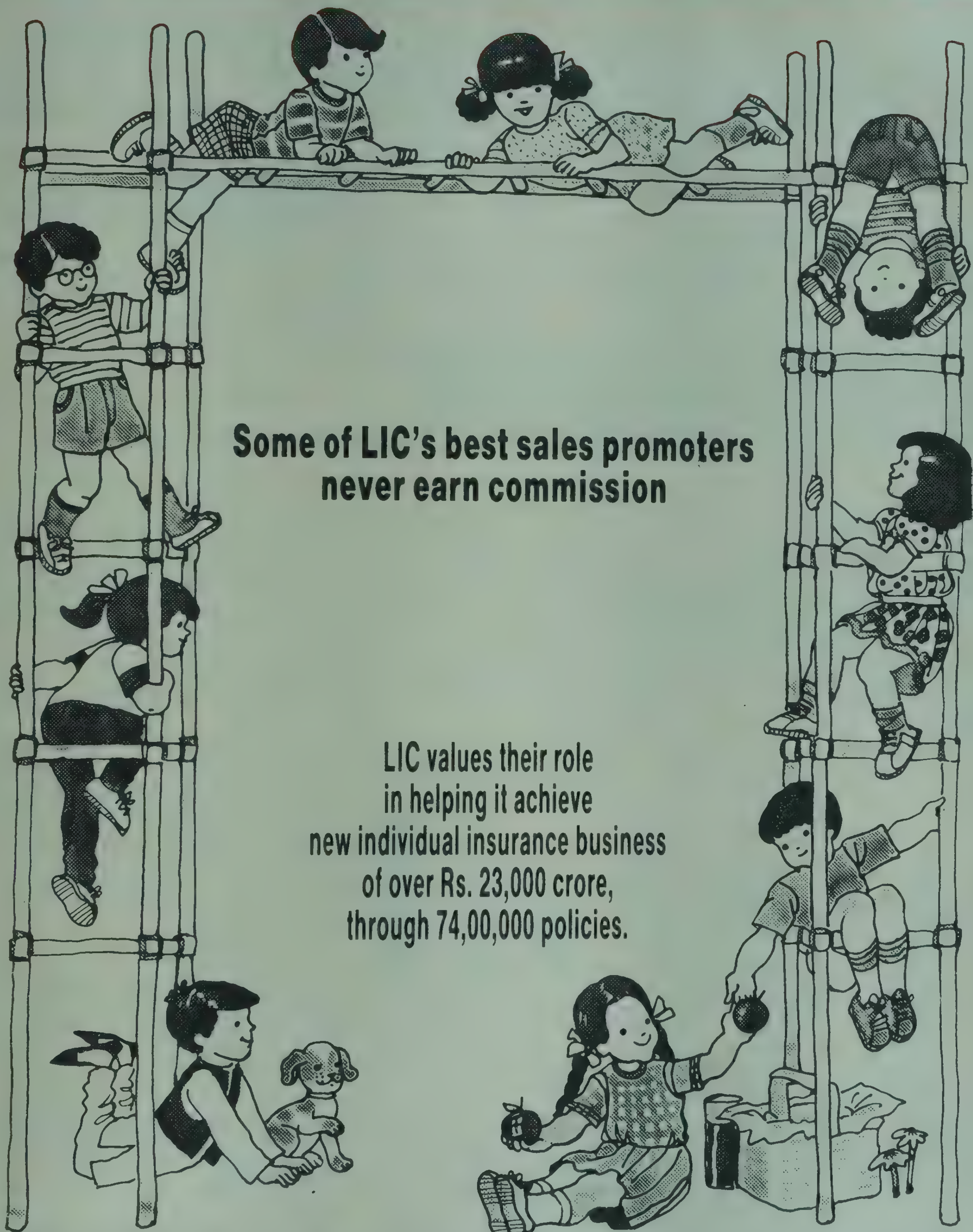

Some of LIC's best sales promoters never earn commission

LIC values their role in helping it achieve new individual insurance business of over Rs. 23,000 crore, through 74,00,000 policies.

What makes a person take a life insurance policy? Most often, it is his concern for the security of his dependants—wife, children, aged parents... So, when LIC's new business grows, it indicates that concern for the family has grown. It is also true that the biggest sales promoters of life insurance are a policyholder's family.

In 1989-90 LIC's Individual insurance business was Rs.23,268.97 crore. The Corporation surpassed its last year's performance by over Rs.6,000 crore—an increase of 35%.

Under 8,856 Group Insurance Schemes, 15.45 lakh lives were covered. The total sum assured was Rs.2,043.28 crore.

Pension plans have become popular. 1,83,942 policies netting a premium of Rs.168.50 crore were issued.

LIC is now a multi-dimensional organization but its primary concern will continue to be to provide life insurance cover to people.

Life Insurance Corporation of India
—in the service of the people.

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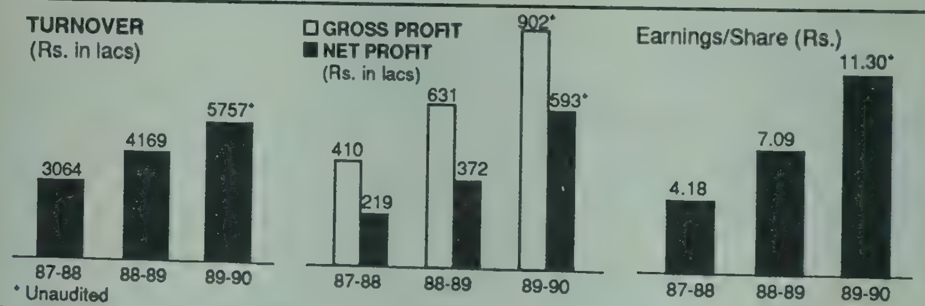
- Listing at Bombay, Ahmedabad and Delhi Stock Exchanges.
- Buy-back facility for Non-Convertible Portion.



COMPANY HIGHLIGHTS

Excellent track record

- A well established, profit making, dividend paying Company with a track record of consistent growth.

Blue Chip Clientele

- Includes Maruti, Telco, Escorts, Ashok Leyland, Bajaj Auto, Mahindras, Bajaj Tempo, BEML etc.

High Returns to Investors

- Over 4 times Capital Appreciation and 82% Aggregate Dividends since maiden public issue.

Major Expansion/Diversification on Anvil

- A Rs. 12.65 crore expansion successfully commissioned in June 1989.
- A Rs. 19.40 crore expansion on anvil.

Impressive Growth in Exports

- Products well accepted in international market. Exports up from Rs. 3.80 crores in 87-88 to Rs. 10.60 crores in 89-90.

ISSUE OPENS FOR NRI's: 2ND JULY, 1990
INDIAN PUBLIC: 5TH JULY, 1990

AMFORGE INDUSTRIES LIMITED

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AMFORGE

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PRESSMAN

MYSORE KIRLOSKAR VERTICAL MACHINING CENTRES
Flexibility that adds to productivity – and profits.

Rajnikant Bachkaniwala
Director
Himson Textile Engineering
Industries Limited
Surat, Gujarat.

'The flexibility that helped us increase our turnover 400% in five years"

"We are in the manufacture of texturising machines for the textile industry. When we chose to go in for CNC machines in a big way five years ago, it was a risky decision. CNC machine tools are an expensive proposition and the industry itself was in its infancy.

That is why I think it is fortunate that we had the right partner – Mysore Kirloskar.

Mysore Kirloskar's VC-15 and VC-35 Vertical Machining Centres were our choice. Our engineers worked side by side with their staff and the machines came on a turnkey basis, fully tooled up for 18 components. The extraordinary flexibility of these machines make short run programmes possible. Thereby increasing productivity.

The approachability and the personal involvement of the top management is another definite advantage of dealing with Mysore Kirloskar. Today with help from our Mysore Kirloskar machines our turnover is around Rs. 100 crores. Up from around Rs. 25 crores five years ago. And what's more, our set up is geared for practically any line extension product"

Kirloskar

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VC-15M VERTICAL MACHINING CENTRE.
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- Twin pallet transfer system (option).
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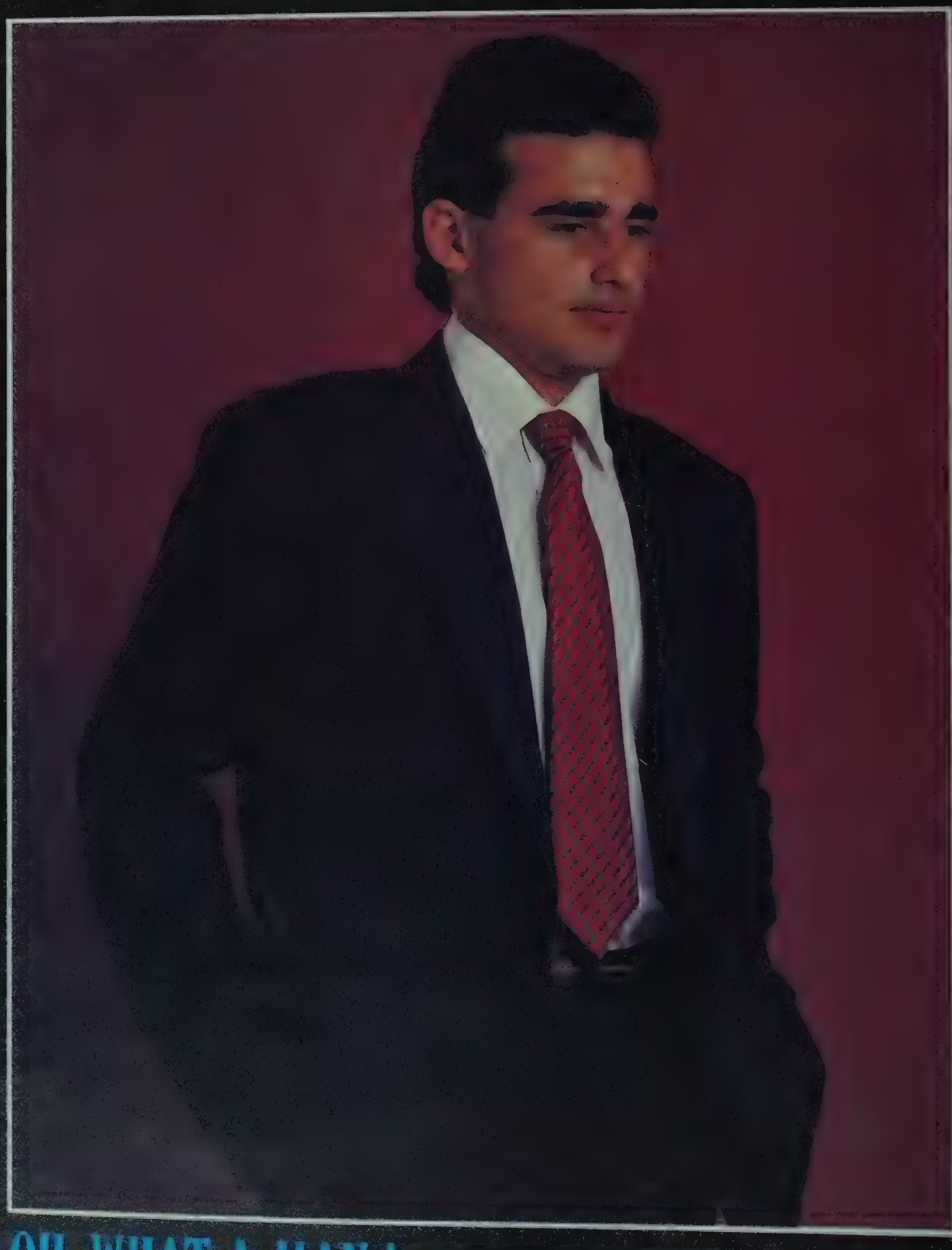

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Sobhagya 138/90

A TALE OF TWO MEETINGS

The month of June is witnessing two high-power business get-togethers — the annual general meetings of both Assocham and Ficci. While the latter meet, scheduled for 28 June, will be graced by prime minister V.P. Singh, Assocham's annual event will only have commerce minister Arun Nehru and steel and mines minister Dinesh Goswami as guests.

Behind V.P. Singh's absence at the Assocham bash lies a tale. According to the capital grapevine, the prime minister had originally agreed to address Assocham as well, and his secretariat had suggested a date in the first week of June immediately after Singh's return from Kuala Lumpur. However, continues the story, this date did not suit Assocham's high-profile and peripatetic president Viren Shah, now an MP to boot. Shah tried his best to persuade V.P. to find time on 12 June, but to no avail — despite Shah's BJP connections.

NO CHANGES AT ICI

Reliable reports suggest that recent speculation in the financial media about a shakeup in ICI (India)'s top management echelons is largely misplaced. Philip Daubeney, the company's soft-spoken managing director, will continue his innings as captain of the ICI (India) team, with non-executive chairman Jahar Sengupta playing the role of umpire. Among the expats, the only possibility of a change is the return to home base of finance director John Charlton. At present, this too is merely a possibility.

BANKING ON CHHABRIA

Many multinational companies are learning the virtues of patience when it comes to biding their time for entering the Indian market. The latest disciple of Job is the Hilton hotel chain headquartered in Chicago.


CHHABRIA S UNFAZED

Way back in 1988, Hilton had signed a memorandum of understanding (MoU) with Shaw Wallace, sealing a tieup which ensured that the Chhabria's proposed grand entry into the glamourous hoteliering arena would be under the Hilton banner. Later, retired ITC vice-chairman Samir Ghosh was roped in to mastermind the hotels project.

Two years have passed, but land for Chhabria's hotels at metropolitan locations in Bombay and New Delhi has not yet been acquired. Nevertheless, Hilton is prepared to be patient; witness the fact that it has agreed to renew its MoU with Shaw Wallace.

This reprieve undoubtedly means that the pressure on Chhabria (and Ghosh) to deliver viable sites now stands doubled.

Meanwhile, although Chhabria is in a spot of trouble (what with several of his companies queueing up outside the BIFR and government probes into other affairs), he's still unfazed. The tycoon who's a proud alumnus of the Harvard Business School now, has other ambitions.

Plans are afoot to evolve a customised cadre of management executives for the Chhabria group of companies. Top insiders say a special management institute is being set up by the group. And land (at Sahaganj near the Dunlop plant in West Bengal) has already been acquired for that. For a college dropout who began his career by hawking radios on Bombay's Lamington Street, Manu Chhabria's come a long way.

NO PATHFINDING DEAL

Pathfinders: India, the market research wing of Lintas, came close to taking over the Baroda-based Operations Research Group(ORG)of the Sarabhais which recently came out with its own National Readership Survey (NRS) for the north and south individually, thus beating the long-delayed NRS being conducted by the high-profile Indian Market Research Bureau and Marg. But the deal apparently fell through as the Sarabhais wanted to include ORG Systems, the computer division of the group, in the sale. Obviously, computers did not mesh in with Pathfinders' plans and the Sarabhais have now to find another path.

VIDEOCON PIPES A TAKEOVER

The Dhoots of Videocon are further strengthening their presence in the TV industry; they have just acquired one of Prakash Pipe's B&W picture tube plants.

Prakash Pipes, one of the largest manufacturers of picture tubes in the small sector, has been in a spot of late because of falling tube prices.

Videocon, which will be using the production in-house, may be able to do better with the 1 million tubes per annum capacity it has acquired.

CREDITABLE BoB

Credit cards is where the new action in financial services is going to be. While Citi has wrapped up the Diners deal, Bank of Baroda has stolen a march on other foreign banks by cobbling together a plan to launch an innovative credit card in two months — the BoB Exclusive card. Targeted mainly at a small niche — top-rung executives with a sound credit rating — this piece of plastic can be used to splurge up to Rs 15,000-20,000. BoB Exclusive also varies from BoB's other credit card as individuals don't have to open an account with the bank to get the card. BoB is also mulling over moving its credit card division to Madras a la Citi, thanks to lower real estate prices there.

Not that the foreign banks are taking things lying down. There's a move on at Hongkong Bank to launch a credit card by next year.

"I judge a cooling tower the way people judge me"

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If a cooling tower performs I will buy it again. If not, I will try another make.
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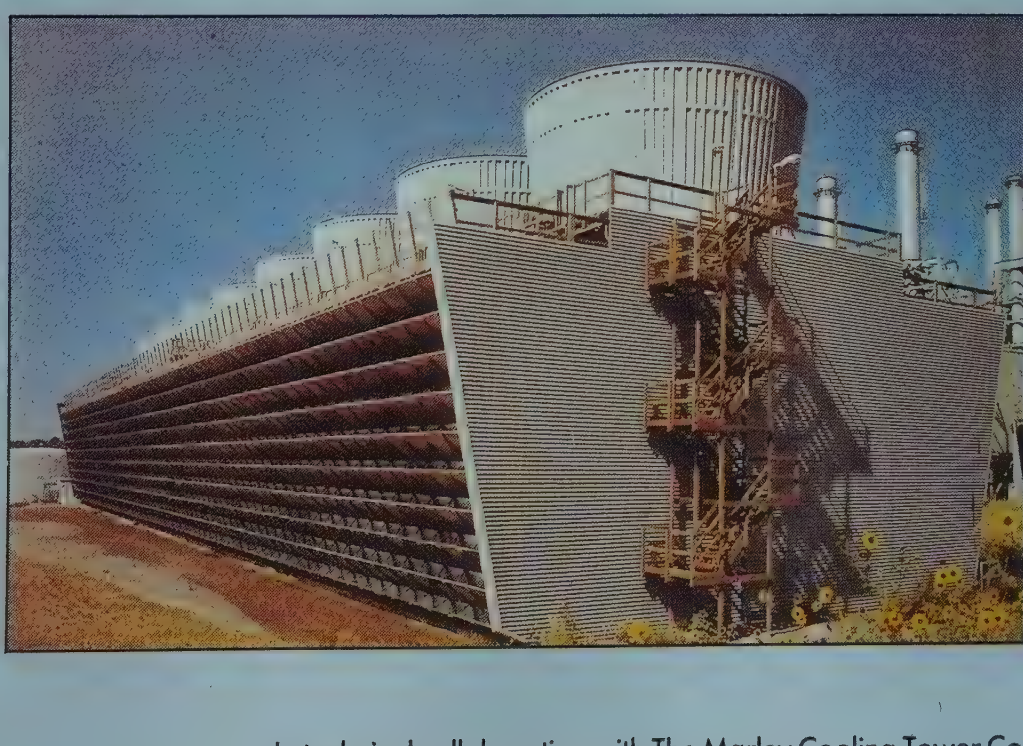
These things are not superficial. They are essentials.
And that is why I always buy a Paharpur-Marley cooling tower.



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CORPORATE ENTERPRISE IN THE 1990s

The 1990s will belong to the corporation that can practically demonstrate its concern.

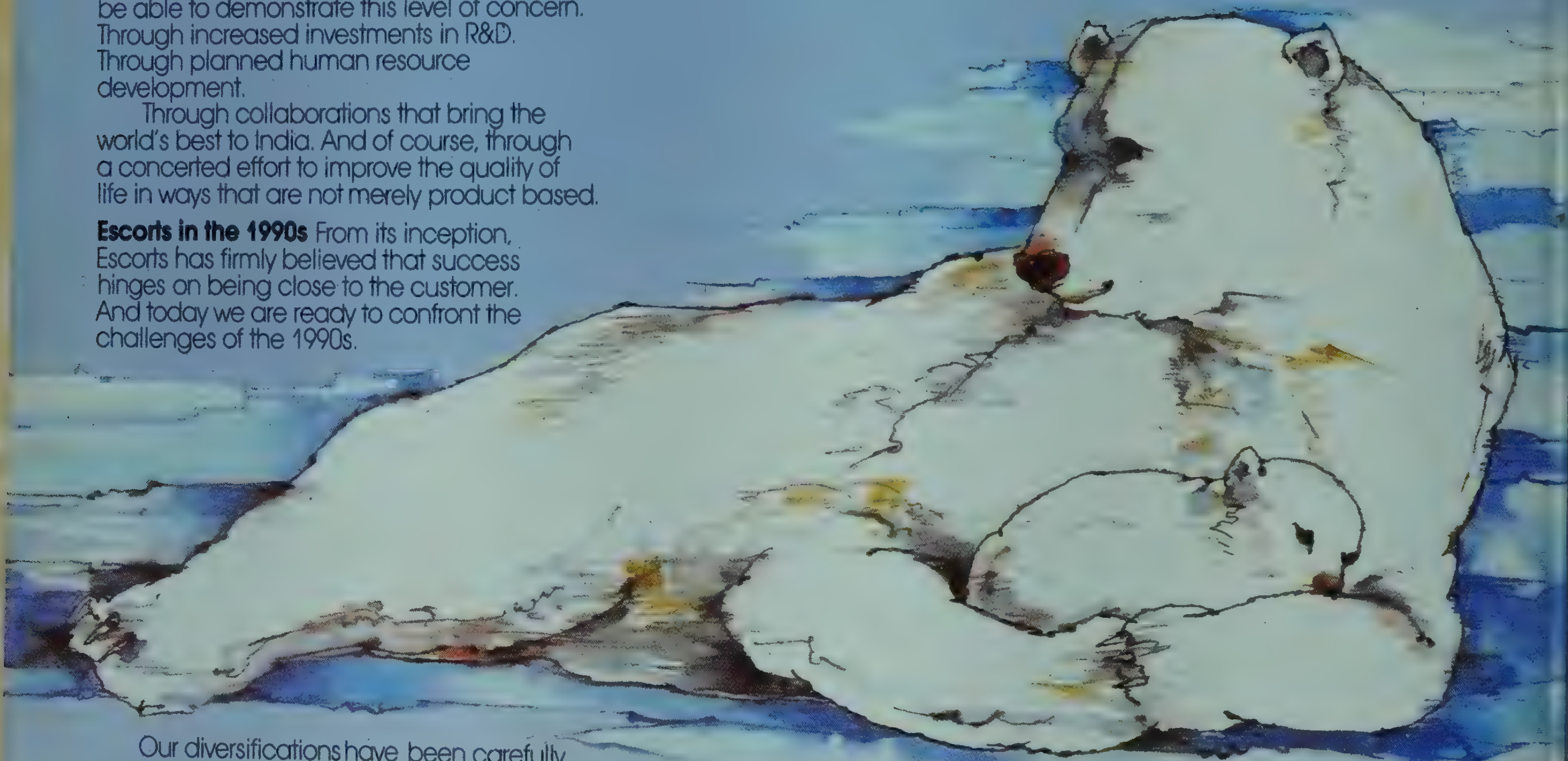
What does the word 'concern' imply for corporate enterprise? Concern is the ability to create products relevant to the environment, products that give value for money and offer new, better solutions to the conditions they tackle.

The human face of Corporate Enterprise In the 1990s it is the large corporation that will be able to demonstrate this level of concern. Through increased investments in R&D. Through planned human resource development.

Through collaborations that bring the world's best to India. And of course, through a concerted effort to improve the quality of life in ways that are not merely product based.

Escorts in the 1990s From its inception, Escorts has firmly believed that success hinges on being close to the customer. And today we are ready to confront the challenges of the 1990s.

SIZE COUNTS. BUT SO DOES CONCERN.



Our diversifications have been carefully placed in the core sectors of the nation's growth. Through an extensive investment in R&D and an enviable range of collaborations we have created products that contribute to basic development.

Beyond manufacture, we have forged a closely-knit relationship with our dealers and customers — a relationship that is admired and emulated. And through our village adoption and afforestation programmes and the Escorts Medical Centre and the Escorts Heart Institute & Research Centre, we have sought to improve the way of life around us.

Today, with 22,000 employees, 16 modern manufacturing plants and a turnover of nearly Rs. 800 crores, Escorts is among India's top ten engineering corporations.

On the threshold of the 1990s, we reaffirm our commitment to the principles and the people who have brought us here.

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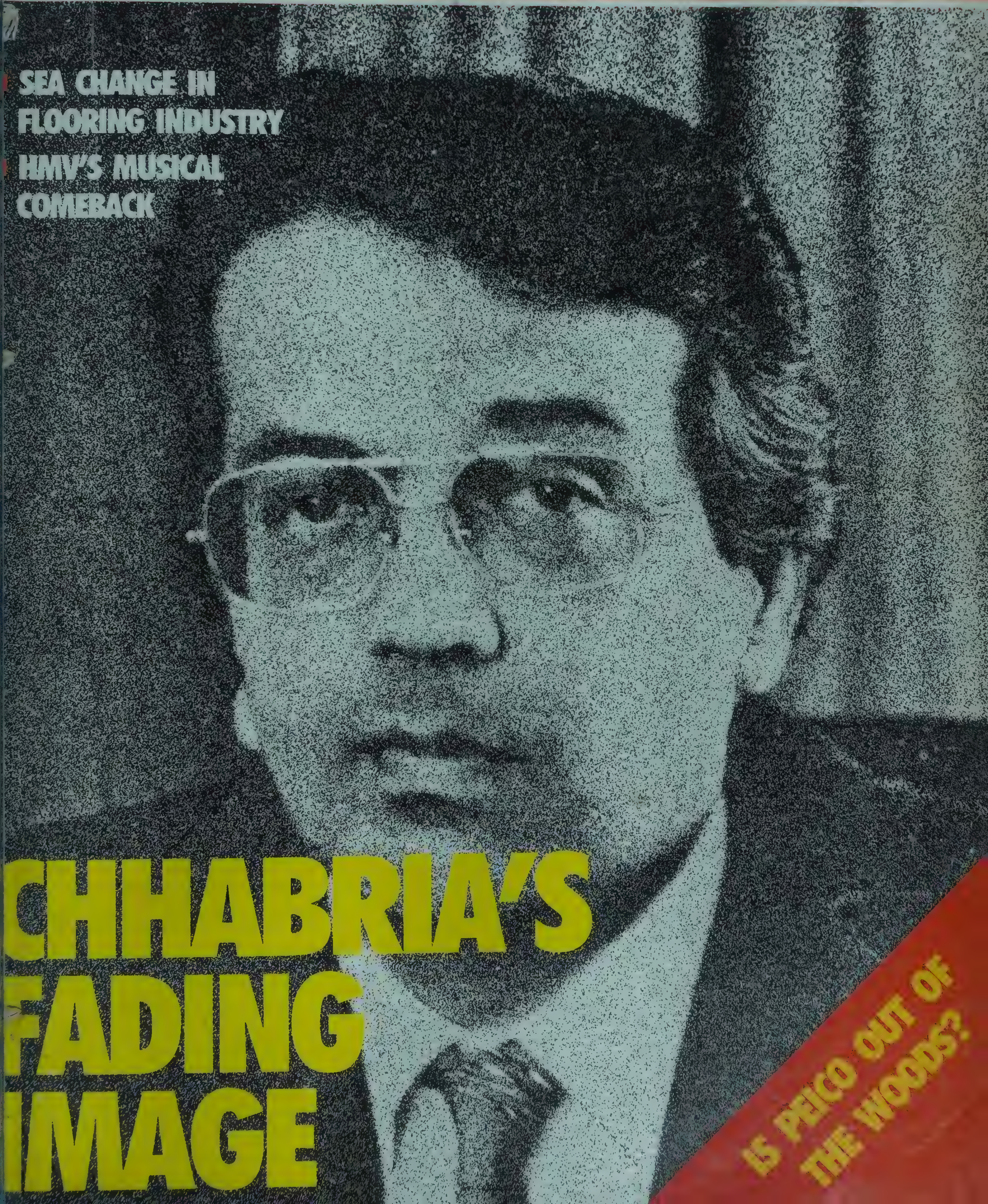

SEA CHANGE IN FLOORING INDUSTRY

HMV'S MUSICAL COMEBACK

CHHABRIA'S FADING IMAGE

IS PEICO OUT OF THE WOODS?

Record foreign exchange earnings : Rs 146 crores

MADE IN INDIA

ITC meets the Challenge

The challenge we face and must resolve to establish is our pride in the stamp: Made in India. This can only happen when we compete internationally on dimensions of cost and quality.

J.N. Sapru, Chairman, I.T.C. Limited
Address to Shareholders, June 1989

In 1989-90, ITC's foreign exchange earnings increased to Rs 146 crores, as against Rs 56 crores during the nine-month period in 1988-89. This record rise is a result of the Company's commitment to promoting Indian products in global markets. One that makes ITC a true 'Indian International'. And brings pride in the label 'Made in India'.

New horizons, new hopes.

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BUSINESS QUOTES

- **Champions don't look back. Their concentration is wholly on getting past the victory post ahead of the challengers.**

  Hindustan Lever vice-president (marketing) Shunu Sen, quoted in *The Economic Times.*

- **Tatas is not a family business. I believe in professionalism and not in heredity. After all, is it not just what Rajiv Gandhi and the Nehrus have been accused of? I can't possibly pass on the reins of the company to an heir just like that.**

  Industrialist J.R.D. Tata, quoted in *Savvy.*

- **I'm a master-cooker-of-eggs. There's a rhythm in cooking which is very soothing.**

  Shriram Foods and Fertilisers managing director Siddharth Shriram on how he gets away from the pressures of work, quoted in *The Economic Times.*

- **The ball is now in your court. Industry must grab the opportunity which has been offered to it.**

  Planning Commission deputy chairman Ramakrishna Hegde, quoted in *The Independent.*

- **The new (industrial) policy thankfully takes away the discretionary powers of the *babus* to interfere in and stall foreign collaborations.**

  Sterling Computers director C. Sivasankaran, quoted in *India Today.*

- **Corruption follows rationing and restrictions; hence we want to be away from these.**

  Union finance minister Madhu Dandavate on why petrol rationing will not be introduced, quoted in *The Telegraph.*

- **The government has a very cock-eyed policy on beer. It should be considered a food product.**

  UB group breweries division president J.S. Dhamija, quoted in *India Today.*

- **If there is a poverty line, why should there not be a richness line?**

  Prime minister V.P. Singh, quoted in *Financial Express.*

- **What do we do with the mutual fund... There is no point starting a mutual fund without a proper back-up.**

  Indian Overseas Bank chairman P.S. Gopalakrishnan on whether his bank is starting a mutual fund, quoted in *Business Standard.*

- **He's a desperate man. Everywhere (Donald) Trump is walking, there's a fire under his feet. It shows how quickly things can go bad.**

  US raider and financier Irwin Jacobs on the travails of high-flier Trump, quoted in *Time International.*

BusinessWorld

IN THIS ISSUE

BUSINESS FEATURE

CHHABRIA UNDER SIEGE

He's facing a liquidity crunch with investments locked up in various companies, four of which are deep in the red. The directorate of revenue intelligence is a constant visitor. The banks are wary of lending to him. The grapevine thinks he is in big trouble. But Manu Chhabria is unfazed.

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ECONOMY & BUSINESS

UNLAPPED POTENTIAL

Laptop computers could be big business here like it is abroad. But, sadly, nobody's making efforts to push the product in the marketplace.

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LAPTOP COMPUTER: NOT YET ON TOP

COMMENT

TAPPING PEOPLE

How do you judge an employee's capability? Not by his qualifications alone, surely. Very often he may be able to contribute in a way not immediately obvious.

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CELEBRITIES & SELLING

It's a common strategy to perk up sales through celebrity endorsements. But this can be counterproductive if the choice of celebrity is wrong.

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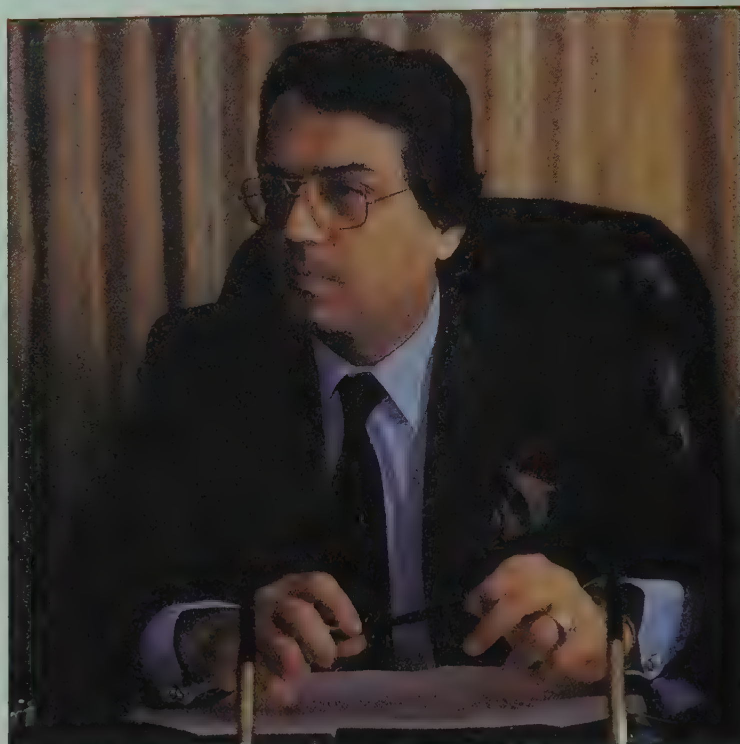

CHHABRIA: NOT COWED BY TROUBLES

CHECKS ON FINANCE COMPANIES

Finding lacunae in Reserve Bank of India (RBI) guidelines on fund-raising, finance companies are having a merry time raising cash. The RBI should take a look at these loopholes.

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SPOTLIGHT

SWEEPING CHANGES

The flooring industry has rapidly acquired a host of new players and products. Will all of them be able to survive the shakeout which lies ahead?

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SPARTEK'S PLANT: STEPPING STONES TO A BIGGER MARKETSHARE

INVESTMENT WORLD

"AVOID COMPANY DEPOSITS"

That's taxation hotshot R.N. Lakhotia's advice on avenues for investment, in this issue's *InvestmentWorld* interview.

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LAKHOTIA: TAXATION GURU

A&M/SPECIAL REPORT

GOING NATIVE

Consumer demand is increasing in rural markets. Ad agencies too will have to gear themselves up to churn out campaigns in languages the hinterland customers understand.

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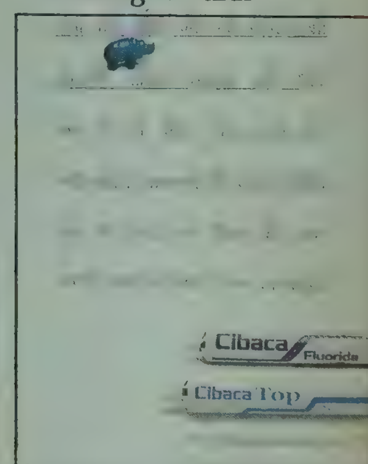

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IN THIS ISSUE

BERGVELT KEEPS HIS WORD

COMPANY NEWS & EVENTS

PEICO EMERGES FROM THE RED

Peico Electronics & Electricals has posted a small profit this year and managing director Jan Bergvelt has kept his word on achieving a turnaround. But it is too soon to say whether the company will regain its earlier glory.

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IN THE NEWS

CHANGE OF GUARD

A new chief, Avijit Mazumdar, has taken over

MAZUMDAR: GLASNOST PLANS

at Assocham. He wants to usher in a fresh spell of glasnost in this apex industry body.

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GENERATING A LEAD

Portable gensets market leader Birla Yamaha is launching three new products. According to company spokesman Deepak Takkar, "each of them will be the first of its kind."

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CENTRING IN ON TECHNOLOGY

Ulrich Diller, executive director of West German engine manufacturer STIHL, and O.P. Kanwar of the Raunaq group both believe that India can

KANWAR HAS TECHNO-VISION

become an original equipment supplier to other countries. Hence their move to set up training centres for technology transfer.

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BUCKING UP VENTURES

Technology Development & Information Co of India (TDICI), is shifting focus to funding marketing outfits, what with more venture capital companies emerging and competition hotting up. TDICI president Kiran Nadkarni is all set to use his expertise in funding.

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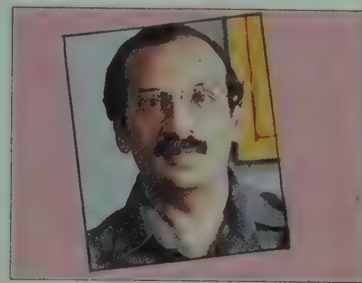
LOOKING BEYOND SUGAR

After expanding his sugar operations, R.V. Tyagarajan, president of Thiru Arooran Sugars, is looking forward to



TYAGARAJAN: A BALANCING ACT

diversifying into chemical and process industries. "It is time to balance our activities," he says.

▪ PAGE 33

SPECIAL REPORT

GCI'S MUSICAL COMEBACK

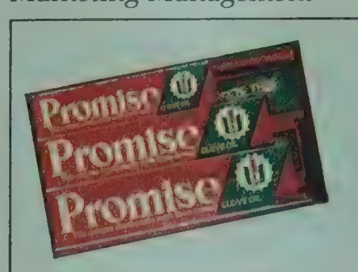
The mood is upbeat at Gramophone Co of India (GCI). The company has spun out some mega hit cassette releases and production lines are humming. But the accumulated losses are yet to be wiped out. So Sanjiv Goenka, the man orchestrating it all, has still to compose the finale to make the GCI turnaround opera a success.

▪ PAGE 12

BOOK EXTRACT

A MESSAGE WITH PROMISE

This time's extract from *Marketing Management*



gives a blow-by-blow account of how Balsara Hygiene Products walked into multinational territory and realised Promise toothpaste's real promise.

▪ PAGE 20

OTHER PAGES

At the launch in Bombay's Taj hotel, she looked ravishing. Filmstar Zeenat Aman was there to flag off a perfume exclusively her own.

That's more than one can say of 'Zeenat' perfume. The fragrance, to say the least, was a trifle on the strong side. But it's probably made for the market — West Asia. Indeed, when the product was unveiled in Dubai, an entire year's supply was sold out in two days flat. "The Arab woman identifies with me," says Zeenat.

How did it all come about? "I was expecting my second child and looked huge when I got this call from Bernard Perrin of Robertet perfumers of France asking me if I would agree to have a perfume of my own," she says. "Needless to say, I was thrilled."

'Zeenat,' incidentally, will be sold only through exclusive outlets. It costs $20 for 100 ml and should, given the initial demand, bring in a lot of moolah. Dollars and scents, what?

ZEENAT: SMELL OF SWEET SUCCESS

After a decade-long stint (in two spells), German electrical giant Siemens' chief in India, Albert Hoser, is moving on to bigger things. Hoser, who had recently remarked that he wanted to settle down in India and spend the rest of his life here, has had to change those plans. The reason: the 56-year-old CEO, who has spent over 30 years in the company, has just got a major break. Come November, Hoser takes charge of Siemens Corp USA, a conglomerate of 70 Siemens subsidiaries.

Says an affable Hoser: "It's going to be a big challenge." Sure it is. Just compare the figures: Siemens in India posted a turnover of Rs 420 crores this year, but the US operations have annual sales of Rs 65,000 crores — a mind-boggling 155 times that of the Indian outfit.

HOSER IS OFF FOR BIGGER CHALLENGES

Daunting? Hoser is taking it in his stride. Says he: "Our main task in the US is to raise market shares." Already Siemens' US outfit accounts for 11% of the group's global turnover. And Hoser's confident of improving that. Good luck.

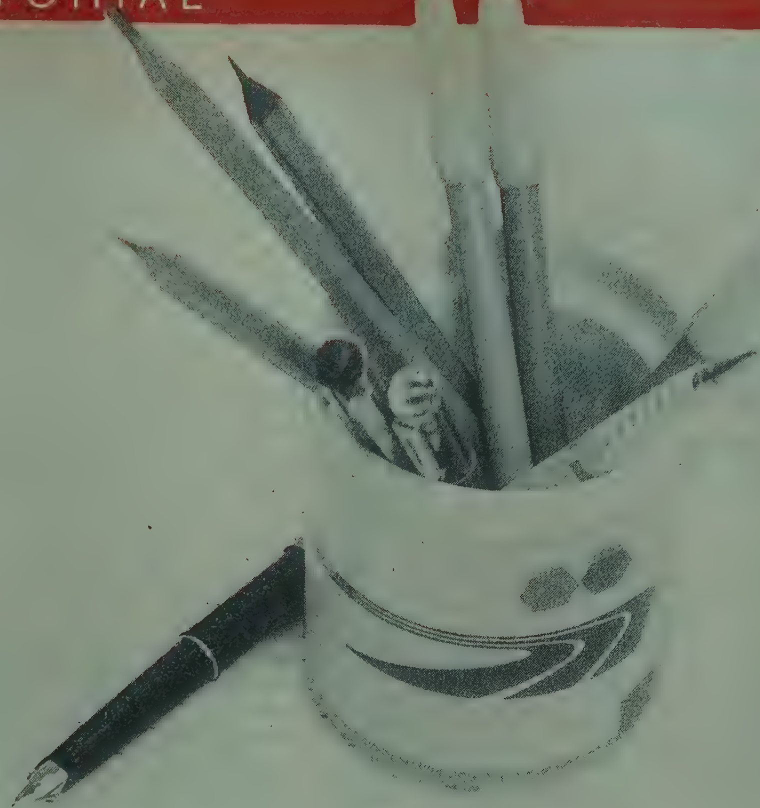
Following in his father's footsteps, he tried for a career in the services but failed to make the grade. No matter. J.B.S. Bakshi, chairman and managing director of plastics company Uniplas and, in an earlier *avatar*, a topnotch NRI professional, is well on his way to becoming a captain of industry. "Watch, we're going to be the first truly national company in plastic products," says he.

Another tall claim? Not when you consider that in just seven years Uniplas' turnover has zoomed to Rs 50 crores from, yes, Rs 13 lakhs.

Right now Bakshi is busy expanding the capacity of units at Noida in Uttar Pradesh besides putting up a new plant at Daman (north of Bombay), scheduled to go on stream in September. "We will be launching products not heard of before," says Bakshi. A sampling: plastic fuel tanks, head and arm rests for automobiles, silos and conveyor systems, road dividers, booths for multiple applications, and non-sinkable boats with Norwegian technology.

Bakshi is quick to acknowledge the market leadership of his rival in water tanks — Sintex. "Sintex has done a marvellous job of promoting the product concept," he says. "We don't perceive ourselves as a competitor to Sintex. We'll supplement their promotional effort." Well, does he have a choice?

MORE PLASTIC PRODUCTS FROM BAKSHI



RULING BY THE GUN

The law and order situation in the state of Assam has been deteriorating rapidly in recent weeks. At the present point in time, the situation is little short of perilous. There is neither the rule of law, nor any semblance of order in enabling businessmen to go about their chosen avocations.

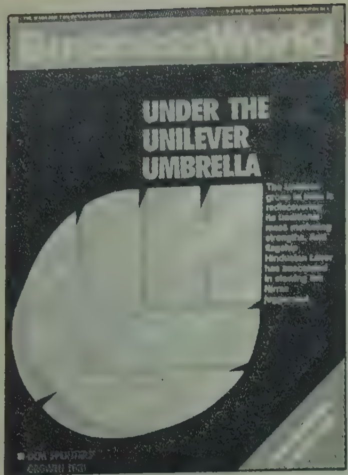
Otherwise how can one explain the effrontery of the United Liberation Front of Asom (ULFA), which has the cheek and the gall to openly institutionalise and blatantly systematise a cash-raising campaign based on naked extortion, blackmail and death threats? Under the very nose of the local administration, armed ULFA activists have led tea garden owners (or their representatives) blindfold to 'secret' destinations only to be given the Hobson's choice of paying up. Or else.

Given the remoteness of the Assam valley, it is very easy for the rest of the country to pretend ostrich-like that the problem is not quite so serious. Or that it can be wished away. Quite simply, it cannot.

The tea industry constitutes one of the largest agri-business sectors in the country and is also one of our highest foreign exchange earners. A high-profile product, the prestige and credibility of India's reputation in the international business arena is inalienably intertwined with it. There is no question that in their selfish, shortsighted money-raising terror tactics, the ULFA is striking at the very root of the future prosperity of the land its members say they hold dear.

Clearly, the ULFA's credentials for patriotism — even of the parochial variety — do not wash. One is witnessing nothing but the unfolding of a calculated plan to usurp political power by extra-constitutional means over a fertile land which conveniently has an international border. (Can it possibly be just a coincidence that each and every scene of recent terrorist activity — Kashmir, Punjab, Assam and Darjeeling — has been a border area?)

With the term of Assam's present legislative assembly due to end in around six months' time, the only honest option seems to be to send a political message to ULFA enjoining it to participate in the next elections. Or face being outlawed. No self-respecting society ought to put up with activists who scorn the constitution and seek to rule by the gun.



HI-TECH PROBLEMS

BW has a good series of articles on computers and management. The recent Management item, 'The hi-tech structure' (*BW* 9-22 May 1990), raised some interesting points, but it would be good to keep the following Indian context in mind.

While it is true that many Indian companies may not be geared for hi-tech, the fact remains that they have to operate in an ambience of ambiguous policy framework, restrictive Fera rules that inhibit direct foreign investment, the ever-present public sector vs. private sector controversy, and politically backed decisions to promote some types of hi-tech. These have a bearing on overall corporate planning, the committing of funds and the gestation period for hi-tech projects.

Sagar Mehta
Baroda

RELAXED INVESTOR

The Economy & Business item, 'Playing with figures' (*BW* 9-22 May) was very heartening to read. For a long time, small investors have been taken for a ride by companies hand-in-glove with a few unethical brokers. Now that the law machinery is also being roped in to ensure a degree of respectability, small-time investors like me can relax.

Annam S.M.
Secunderabad

REBUTTAL

This has reference to the box 'Fake reports' in the Economy & Business item 'Playing with figures' (*BW* 9-22 May).

As a corporate body, we are grateful to *BusinessWorld* for having brought out this matter of phoney reports being circulated by certain unscrupulous parties, for reasons best known to them.

We would like to categorically disclaim such fake news reports and assure you and the investing public that we are not involved in such manipulations.

S. Adhimoolam
Managing director
Ucal Fuel Systems Ltd.
Madras

WRONG IMPRESSION

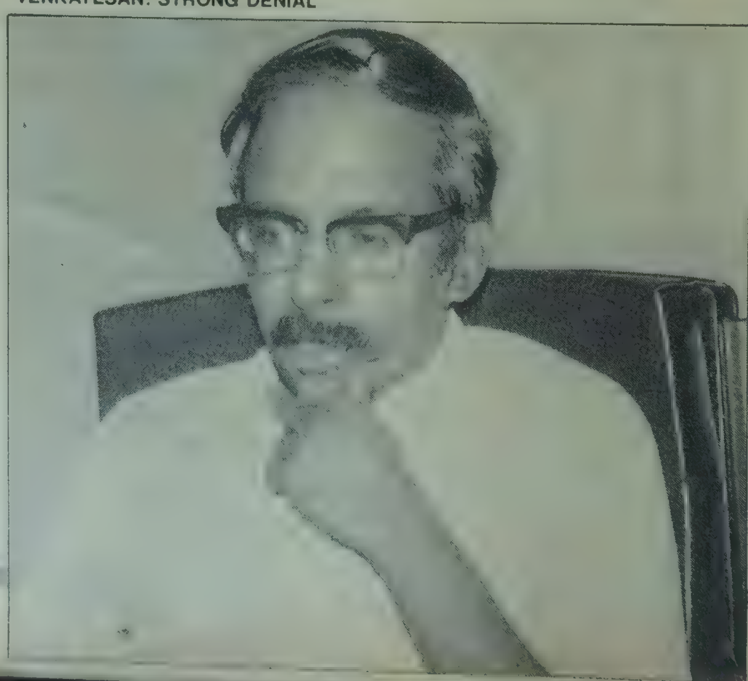
This has reference to the Company News & Events item 'Mangalore Chemicals: RCF to the rescue?' (*BW* 9-22 May).

In this connection it may be pointed out that our chairman and managing director, R. Venkatesan, made it clear to your correspondent that the issue is absolutely business-oriented and no controversy should be injected into it. He did not refer to Vijay Mallya's reported move (for the takeover of Mangalore Chemicals) as 'one more publicity stunt,' as quoted in your report.

H.S. Gill
Public relations manager
Rashtriya Chemicals & Fertilizers Ltd
Bombay

We stand by our report. — Editor.

VENKATESAN: STRONG DENIAL



THE REAL TRUTH?

This refers to the Offstage piece 'Rai's placatory moves' (*BW* 9-22 May). In a bid to justify the claim that the Rais "are experimenting with every trick in the book to bring themselves closer to the new regime," the author has made serious and baseless allegations against the company, all aimed at maligning its image.

We would like to clarify that the mentioned galvanising steel project was conceived as far back as in 1988 with the memorandum of understanding finally getting signed on 24 July 1989. As regards the pig iron project, the company had applied for licence in early 1989.

In view of these incontrovertible facts, it is not correct to link these projects to the present Union ministers (who hail from the constituencies where the projects are to located).

Please rectify the mistake.

R.P. Rawat
Public relations officer
Usha Rectifier Corp
New Delhi

MISQUOTED

This refers to my interview titled 'Financiers push up prices' in *InvestmentWorld* (*BW* 9-22 May).

On the question of real estate price trends in Madras, I am misquoted as having said, 'Government interference or regulation of land prices will not help.' I had actually stated that it will not come too easily. Indeed, I believe that government regulation, if properly introduced and implemented, has the potential to help contain negative inflationary pressures.

I am also disappointed that the introductory passage failed to mention that our transactions have not only been 'above board' always but also been in strict adherence to the development regulations. Is it possible that the omission occurred because it appeared incredible that the biggest builder of flats in Madras could also be above 'black money' and 'FSI' (floor space index) violations?'

Amol Karnad
Madras

A HARVEST OF SOPS

The threat of Super 301 has failed to cow the government. But, willynilly, more and more liberalisation seems to be creeping in.

Witness, for example, prime minister V.P. Singh's unusually right-wing speeches at the National Development Council (NDC) meeting to approve the approach paper for the eighth plan. In his concluding remarks, Singh hinted at a higher inflow of foreign equity, an open attitude towards industrial sickness (read: sick units may be allowed to be closed down), a more harmonious relationship between the small and large sectors, more decisions in boardrooms rather than in government offices and, above all, a possibility that even a convertible exchange rate might be considered.

Singh gave nothing away in terms of concrete changes but the day after the NDC meet concluded, out came the government offering a basketful of carrots for private sector parties willing to enter the power sector. There are strong indications that more sops will follow. The trend has, after all, been set by the recent industrial policy.

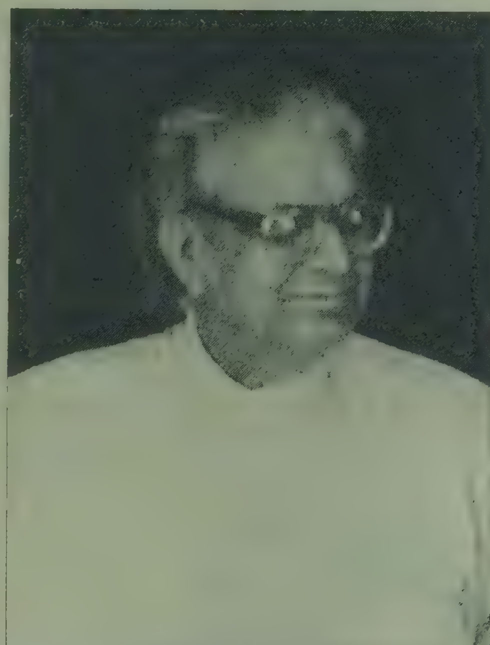
The question being asked is: what brought about this new thinking? Why has it taken the vintage Singh one knew during his days as the finance minister in the Rajiv Gandhi cabinet so long to surface? According to Singh, he has been closely following the developments in east Europe and has drawn a lot of lessons from them. What Super 301 could not do, perestroika seems to have achieved.

FARM FOCUS

Having flexed his political muscles, deputy prime minister and agriculture minister Devi Lal is now displaying his economic baggage. The announcement of increased procurement prices for the coming *kharif* season, mainly at his instance, left many conventional economists gasping for breath.

The increases, which ranged from Rs 30 to Rs 110 per quintal compared to the prices initially announced last year, covered rice, *kharif* pulses, soyabean, groundnut, cotton and coarse cereals. The price increases, however, were a little less when compared with the revised prices, which the Rajiv Gandhi government announced on the eve of the general elections.

But all this is going to have a fallout: increased inflation. In fact, a couple of days after the procurement price hike, the government announced increases in the issue price of rice from the public distribution system. After all, if the government pays more to the farmers for getting its stocks, it's only logical that it takes more from the consumer. The alternative is higher food subsidies, but where is the money?



LAL HAS LARGESSE FOR FARMERS

However, there is another side to the coin. For long, the agricultural sector has been neglected. The National Front government believes that the procurement price hike will set right the imbalance, and also serve as an incentive to farmers to increase production.

One can also advance the argument that in macroeconomic terms higher incomes for the farmers can generate a higher demand for industrial goods, especially consumer goods. Besides, it is time the farm sector was given something other than step-sister status. The government, by including minimum wages or statutory wages and managerial remuneration in the cost of agricultural production, has made it clear that it will treat the farmer on par with an industrialist. This stance is amply backed up in the draft of the agricultural policy resolution that the government plans to place before the parliament. If the Centre has its way, India will be fast on the way to producing homegrown versions of the gentleman farmer.

POWER GAMBIT

Of all the people in the Union cabinet, minister of energy and civil aviation Arif Mohammad Khan seems to have a special love for the private sector. No, one is not talking of granting industrial licences or export incentives or permission for foreign collaboration when one refers to Arif's love for capitalism. However, there are many areas in which Khan has no say.

But in his own *jagirdari* in the power sector and in aviation, Khan intends to go great lengths to satisfy corporate czars. Not without some reason though — ever since Khan donned the power and aviation mantles, both the sectors have been limping badly.

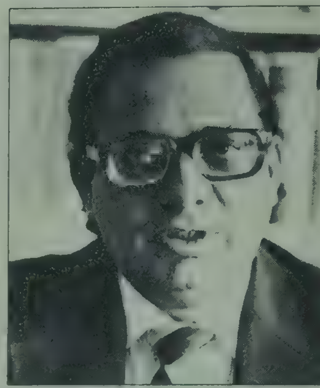
Khan has initiated two brilliant measures after assuming office. First, of course, was throwing open the country's air corridors to private carriers. But, strangely, though the policy was announced in April, the private sector's response still continues to be poor.

The next Khan gambit was throwing open power generation to the private sector, a move announced in mid-June. The initial response from industry seems positive, what with a host of concessions provided in the scheme — initial licences for 30 years; foreign equity participation to be allowed; 11% promoters' equity; sale of power to the grid, *et al.*

Going by the fact that a number of houses have in the past shown keenness to enter the power-generation sector, the policy framework appears to have satisfied a much-needed demand.

But then, going by the air taxi example, the response to the government's relaxations in the power sector may also not ultimately be encouraging. In any case, say industry observers, private sector companies would be happy to have just captive generation facilities with permission to sell the surplus to the state grid. So what does Khan have to say to all this pessimism? He has just a one-liner to add: "Previously, the private sector wanted us to do this and that. We have done this and that now. The ball is definitely in their court this time."

CLUBBING OF CHILD'S INCOME



Under s.64 of the Income-Tax (IT) Act 1961, the income of a minor child arising from his being admitted to the benefits of a partnership or from assets gifted by his parent is includible and taxable in the hands of the parent. Under tax law, the child's income is deemed to be the income of either of his parents whose income is higher.

In computing his income, an assessee is bound to include the income falling under s.64(1)(iii) of the Act (that is, the share income arising to minor children on their admission to the benefits of partnership), notwithstanding the fact that the total income of such an individual assessee may be either less than the minimum liable to tax or that such an individual has no income at all from any source other than the income included under s.64(1)(iii) of the Act. This was held by the Madhya Pradesh high court in the case of *CIT v. Shri Manakram* (183 *ITR* 382). The same view was taken by the Andhra Pradesh high court in *CIT v. Gopal Rao* (151 *ITR* 308).

In the latter case, the court held that the object in amending s.64(1)(iii) of the IT Act with effect from 1 April 1976 was to check tax avoidance by diverting income to minor children. Therefore, it must be held to be applicable to all categories of assessees having the opportunity to avoid tax by taking recourse to the above measure.

Besides, the provisions cannot be interpreted to mean that the income of a minor admitted to the benefits of partnership are includible in the income of his parent only if his parent has income assessable to tax. In fact, sub-clause (a) of s.2(7) of the Act specifically provides that the expression "assessee" includes every person in respect of whom any proceeding under the Act has been taken for the assessment of his income or of the income of any other person in respect of which he is assessable. The explanation to s.64, which provides that the income of a minor child is to be included in the total income of that parent whose total income is greater, is not unworkable even if neither parent has assessable income. It is easily possible for the income-tax officer (ITO) to identify that parent whose total income is greater.

Whether the parent has taxable income or not, any income arising to a minor child has to be included in the former's tax return

The fact that s.64 is not referred to in the definition of income in s.2(24) is not material. The provisions of s.139 and the form of return prescribed under rule 12 of the IT Rules 1962 make it compulsory for an assessee to include his minor children's incomes that arise from the benefits of partnership under s.64(1)(iii) of the Act. If an assessee omits to include this income, he (or she) may be held liable for failure to declare such income.

If an assessee can be held to be under an obligation to include in his return the income falling under s.64 of the Act, it is futile to contend that the ITO cannot assess the assessee on such income on the ground that apart from that income the assessee has no other income.

In coming to this decision, the Andhra Pradesh high court relied on the observations of the Supreme Court in *CIT v. P.K. Kochammu Amma, Peroke* (125 *ITR* 624). The Supreme Court held that though the share of the spouse or minor child in the profits of a firm in which the assessee is a partner is not the income of the assessee, it is liable to be included in computing the total income of the assessee and taxed accordingly.

The same view was taken by the Karnataka high court in *CIT v. Horkeri* (162 *ITR* 513). The facts: the assessee had two minor sons who were admitted to the benefits of a partnership in a firm called Channabasaveshwara Trading Co. The assessee had no separate income of his own. He, therefore, did not include in his return the share income of his minor sons that accrued to them from the firm.

The ITO felt it was illegal to exclude the minors' income. He assessed the share income of the two minors in the hands of the assessee as required under s.64(1)(iii) of the Income-Tax Act. The assessee appealed to the appellate assistant commissioner (AAC) and won. The AAC observed that since the assessee had no separate income, s.64(1)(iii) of the Income-Tax Act could not be applied to bring to tax the minors' income in the hands of the assessee.

The revenue department then preferred an appeal to the appellate tribunal but failed to get the decision reversed. The tribunal held that when the individual had no income of his own, the question of computing his total income under s.64 (1) did not arise.

When the dispute landed in the lap of the Karnataka high court, it made an interesting interpretation on the relevant provisions of s.64(1) which says *inter alia* that "in computing the total income of any individual, there shall be included all such income as arises directly or indirectly... (iii) to a minor child of such individual from the admission of the minor to the benefits of partnership in a firm."

To put it differently, the total income of any individual may be "plus income", "nil income" or "minus income." Any of these could result from the computation of the total income of any individual and, to such income, the minor's income calls for inclusion.

Thus, any income arising to a minor child is to be clubbed in the hands of the parent, regardless of the fact that the parent himself may not have any taxable income. However, from the year in which the child attains majority (at age 18) the clubbing provisions cannot be applied and the child will be individually assessed in his own right.

■ *H.P. Ranina*

The author is a Bombay-based advocate

CHECKS ON FINANCE COMPANIES

A few years back, leasing companies mushroomed all over. With prospects of dividends from the first year itself looming large, issue after public issue sailed through since both promoters and the investing public felt that the business was a goldmine.

But in reality, too many promoters did not calculate the numbers properly. Deliberately or through ignorance they underprovided for depreciation on leased assets, and declared dividends effectively out of equity. The charade could not last and many companies have found it necessary to diversify into hire-purchase financing, and some others into totally unrelated activities as well.

Regulatory norms for finance companies have since come to be established. The principal ones are the Dahotre committee's norms for bank lending to such companies, and the Reserve Bank of India's (RBI's) restriction on total debt to 10 times net owned funds (i.e. capital and free reserves minus intangible assets). There is, however, a strong case for a review of the latter from at least two angles.

The Dahotre norms limit bank lending to finance companies to three times net owned funds *minus* investments in and loans and advances to group/affiliated companies. The RBI's norms do not call for any such adjustment in the net owned funds to be made for such investments, loans or advances for determining the borrowing ceiling. The result is that by floating a series of companies, with one investing in the other, the effective borrowing capacity can be increased several times.

With finance companies exploiting loopholes in current guidelines on fund-raising, the time is ripe for a review of the norms

By way of example, consider Company A with net owned funds of Rs 1 crore. Under current norms, it can raise debt, bank or other, upto Rs 10 crores. A invests, say, Rs 50 lakhs in a subsidiary without impairing its own borrowing capacity. Effectively, the original equity of Rs 1 crore has now been geared 15 times. And, the exercise can be repeated any number of times. Clearly, this loophole needs to be plugged by reducing equity to the extent of investments, loans and advances, as the Dahotre committee has done for bank credit.

There is another serious anomaly in the current regulatory framework. Bank lending, restricted to three times the adjusted net owned funds of a leasing company, is generally secured by a charge on assets, and carries annual interest at 16%. The lending decisions are, of course, taken by professional bankers.

On the other hand, finance companies can raise much larger sums by way of deposits from the public which are unsecured, and carry rates of interest well below that of banks, turning the risk-reward principle topsy turvy. The amateur lender of fixed deposits carries far higher risks for a lower return. While the interest rates and security aspects are identical in the case of non-finance companies as well, the amount that can be raised by way of fixed deposits from the public is much smaller — well below the net worth — and hence the anomaly is not as important as in the case of finance companies. Overall, the RBI's norms for finance companies, meant for the protection of lenders, are less than adequate to protect the interests of the average depositor.

PROCEDURAL STREAMLINING

Even in the case of bank lending to finance companies, there is room for procedural streamlining. Many banks give such facilities by way of cash credits, basing the drawing power on the book value of assets hypothecated. Many leasing companies, however, underprovide for depreciation, thereby inflating the book value of assets — and the drawing power.

By the very nature of the transactions a finance company undertakes, the logical way to lend money would be by way of term loans, with the lease rentals or hire-purchase instalments being used to service the loans. This necessary discipline of self-liquidation is lost if the financing is done by way of cash credits and regulated by drawing powers, a mechanism essentially meant for the financing of current assets. Assets on lease or on hire-purchase can hardly be called "current." A shift from cash credits to term loans is thus clearly called for.

One curious feature of the whole scene is that finance companies play the role of intermediaries between the banking system — itself an intermediary between the saver and the borrower — and end-users, and make money in the process! Banks, which face severe pressures on their profits, surely should be making the margins themselves by directly lending to end-users at the rates finance companies are charging. Foreign banks like Citibank seem to have understood this. The nationalised banks need to follow suit.

The scores of finance companies started a few years back were promoted by small or medium-size entrepreneurs. In recent months, the financial services area seems to have started attracting the big guns of industry — the Tatas, the Birlas, Hindustan Lever and others. This is, of course, all to the good, but makes it more necessary than ever to establish sounder guidelines for debt-equity norms in order to protect the average depositor. Indeed, the current RBI restrictions on finance company borrowings bear a stark contrast to the far more conservative norms for commercial paper issues. It is time for a review.

■ *A.V. Rajwade*
The author is a Bombay-based financial consultant.

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Computer Society of India

NEWS BRIEFS

■ The State Bank of India (**SBI**) proposes to open 26 branches in Bihar in the next three months.

■ The RBI has set a target of 15.4% for overall **monetary expansion** this year, which amounts to a 4% cut from the 1989-90 level.

■ **ANZ Grindlays Bank** is offering non-resident Indian subscribers of its second offshore fund a unique capital gains tax break by virtue of a double tax treaty entered into by India and the Netherlands in January 1989.

■ The government has modified the **guidelines** regarding cost of **public issues** in order to enable companies to make suitable payments to merchant bankers handling the issues. Fees of managers to the issue stand revised at 0.5% for issues upto Rs 25 crores and 0.2% for those over Rs 25 crores.

■ Cowed down by the **foreign banks'** threat to form an independent association, the Indian Banks' Association (**IBA**) is planning to throw open its doors to foreign banks with representative offices also.

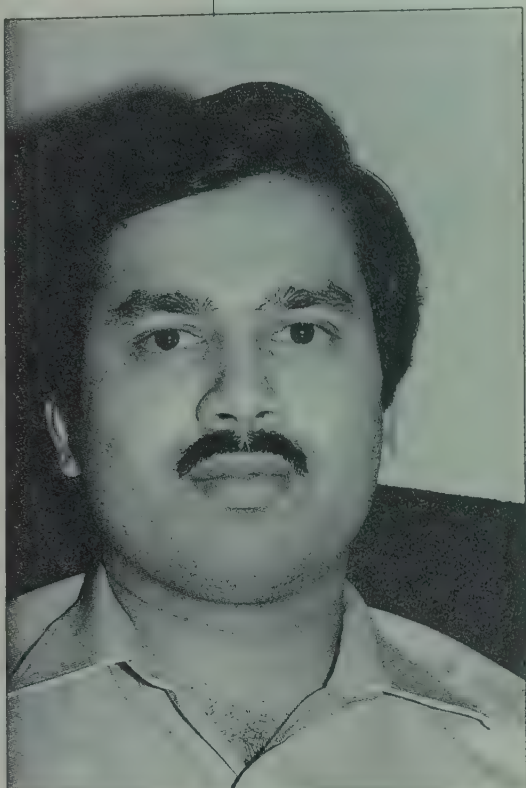
■ Under s.24 of the Board for Industrial and Financial Reconstruction (**BIFR**) Act, banks can now **deny credit** to an entrepreneur if there is evidence that he deliberately turned a company sick through manipulation of funds.

■ In order to divert **black money** into productive schemes, housing bond issues, direct investment in low-income housing projects and channelling of funds through public sector housing organisations by tax evaders are among the options being looked into by the government.

■ The Industrial Development Bank of India (**IDBI**) has decided to extend its **export incentive scheme** upto 31 March 1991 to help boost exports. Besides, it will issue on 5 July its 57th **series of bonds** for a notified amount of Rs 319 crores. The issue will be open for three days. The bonds with a maturity period of 20 years, will carry an interest of 11.5%.

GCI'S MUSICAL COMEBACK

Love has blossomed into big business for RPG Enterprises' chronic sick-child — Gramophone Co. of India (GCI). In May, the mood at corporate headquarters in Calcutta was one of quiet celebration as the company made "musical history": the sales of its audio cassette *Maine Pyar Kiya* crossed the three million mark, a national record for individual cassette sales, beating the *Ram Teri Ganga Maili* score of 2.8 million.



At Rs 20.50 per cassette, Indian music lovers have so far spent over Rs 6 crores on this musical hit, adding generously to GCI's coffers and keeping production lines at its Dum Dum (near Calcutta) factory humming. Today, the company makes around 1.5 million cassettes per month — all bearing the famous 'His Master's Voice' (HMV) label — enabling monthly sales of the order of Rs 3 crores.

We still have many problems, but we have at least been able to avoid cash losses

Sanjiv Goenka

HEALTHY SIGN

At last, the elusive breakeven point barrier (Rs 2.8 crores) has been surmounted. "Not that the company is out of the woods yet," says RPG Enterprises vice-chairman Sanjiv Goenka. "We still have many problems, but the healthy sign is that we have at least been able to avoid the cash losses we were incurring every month."

Indeed, GCI's financial status continues to be so bleak that corporate monitors have been wondering as to when, how and if the famous RPG magic will begin to work. As on 31 March 1989 the accumulated losses had totted up to a staggering Rs 25.6 crores, wiping off the company's capital and reserves of Rs 5.4 crores several times over.

With cassette sales languishing and the marketing strategy of pulling out of film music — in effect, conceding defeat to pirates — proving to be a disaster, it seemed RPG's unconventional acquisition of GCI in 1985 was slated to become a disaster. (Even the rare act of having music aficionado Sushila Goenka, industrialist Rama Prasad's wife, on the GCI board worked no visible wonders.)

By mid-1988, affairs had reached their nadir: a Rs 6 crore debenture issue had flopped miserably, a decision to revive the consumer electronics product line was unceremoniously reversed, and financial institutions balked at lending more funds. Unsurprisingly, overseas associate Thorn-EMI plc (equity stake: 26%) adopted a policy of neglect. Already, in November 1987, GCI had filed its name with the Board for Industrial and Financial Reconstruction (BIFR); but the rehabilitation package was nowhere in sight.

At this stage, roughly coinciding with his exit from Dunlop, Sanjiv Goenka took charge of nursing the sick company. As a plenipotentiary adviser who saw himself as a strategist rather than a manager, Goenka masterminded a market-led approach aimed at thwarting the piracy menace instead of evading it. One of the earliest corporate decisions taken was to re-enter the film music line — which constitutes 80% of the Indian music sector anyway — and to do so with a bang.

In an innovative move, GCI tied up with Bombay filmdom's leading producers so that it could market cassettes prior to the release of a film. This was a friendly act as far as the producers were concerned, because GCI was effectively sharing their business risk. It also cocked a snook at pirates, whose piracy acts begin only after a film becomes a hit. Goenka likens GCI's role to that of a pied piper bringing film lovers to the halls by the thousands.

PERFECT PLOY

The ploy has worked almost perfectly. Take the example of *Maine Pyar Kiya*. The HMV cassette was released last July, well before the film was premiered. It sold one million by January 1990, two million by February — by when the hit had graduated to blockbuster status — and three million in May.

And by no means is this an exception. *Chandni*, released 12 months ago is approaching the 2.5 million mark, while *Ram Lakhan* has sold 1.5 million in 15 months. Amongst contemporary hits HMV has just released a cassette of *Jeevan Ek Sangharsh* songs and sold 200,000 within days. In early June, the cassette containing the songs of *Hum* (starring Amitabh Bachchan and Kimi Katkar) was launched. Predicts GCI president P.K. Chanda, himself a marketer of no mean repute: "We expect *Hum* to cross the million mark in two to three months' time."

Adds Goenka: "The Bombay film industry


A STILL FROM 'MAINE PYAR KIYA'

readily accepts that the innovative marketing of the audio cassette prior to the release of the film is the most important build-up the films have had in becoming eventual box office hits." (Some films bomb: Last year, Amitabh Bachchan starrer *Jadugar* flopped and HMV sold only a quarter of the 700,000 cassettes produced.)

The fallout for GCI's production line has been electric. Production volume has almost quadrupled from the 1985 level of 4.5-5 million cassettes per annum. At higher volumes, GCI can afford to spread its overheads and bring down its retail selling price to its current level of Rs 20.50 per cassette — a whisker above the pirates' average selling price of Rs 18.

For the first time in recent memory, GCI can afford to invest in new hardware. President Chanda says that by end-1990, GCI will instal new duplicating machines costing Rs 3.2 crores. "Production volume will shoot up from 18 to 30 million cassettes per annum as a result," he says. With a little bit of luck, sales in the 1990-91 financial year will cross the Rs 40 crore mark, a neat improvement on the Rs 30 crores achieved for 1989-90.

Even so, GCI's market share in the 180 million cassettes per year national music market is a humble 10%. But, emboldened by the success of its proactive marketing strategy, the company is gearing itself for a concerted marketplace thrust in the coming months.

High on the priority list is the nationwide launch of an HMV-sponsored music lovers' club. For a token membership fee of Rs 100, a member will regularly receive promotional cassettes containing selections from HMV's impending launches. The member can savour this sampling and then decide to place his or her order. The ordered cassettes will be delivered at the member's door at no extra cost. "Members will be offered very special selections at very special prices," promises Chanda.

Meanwhile, a BIFR approved Rs 6.65 crores revival package is being executed along with an additional Rs 1.6 crores investment. An application for compact disc (CD) manufacture is pending with the government. A potential CD market has been identified amongst non-resident Indians who will clearly enjoy listening to golden oldies and current hits on CDs. (Already, GCI is releasing 15 new CD titles every month from its marketing office in London and has a catalogue of over 250 discs on offer.) On the internal housekeeping front, the overmanned muster has been trimmed from 1,700 to 1,086 at a cost of Rs 2.17 crores to the company's exchequer.

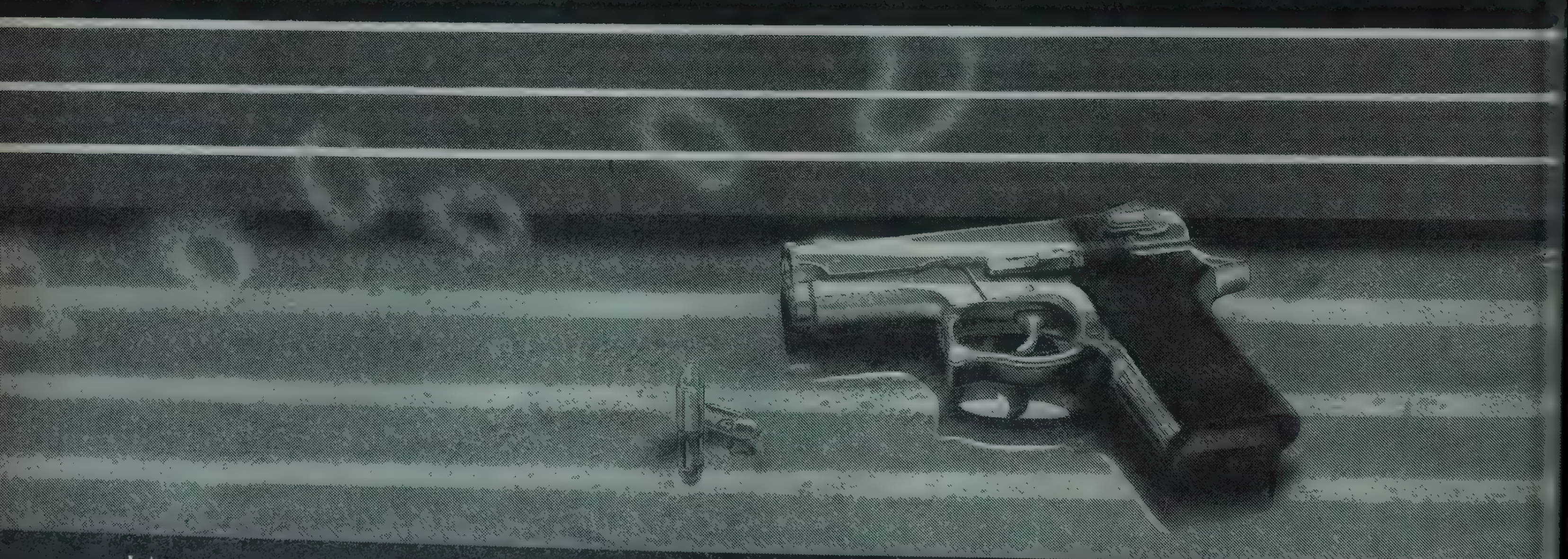
Several more HMV mega-releases are set to hit the music market. These include *Henna* (which is also expected to have a market in Pakistan), *Lekin, Roop ki Rani, Choron ka Raja* and *Saudagar.* Most importantly, top singers who had earlier deserted HMV owing to the latter's default on royalty payments have been assiduously wooed back. Last season's HMV-sponsored Lata-Asha joint concert marked a new cordiality in company-artiste relations. The Alisha pop-shows were also a trendsetter.

"With nearly a century's experience of music in India, HMV is determined to play a major role in bringing music to the people, creating good taste and ensuring that the golden touch of music makes our lives more meaningful," says Goenka. And with its incipient turnaround, GCI can now finally afford to play this role.

■ *Ashoke Laha*

Gramophone Co of India is making a comeback riding on the coat-tails of the same film music it shunned sometime back

How to kill a Maruti.



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TAPPING PEOPLE

Manpower inventory systems have traditionally been built around parameters like qualifications, experience and trackrecord. Elaborately-designed position studies or job descriptions purport to break down business needs job by job. A matching of the man and the job profile is the basic criterion of a functional manpower inventory.

This is a base to take off from into a more live exercise of how to utilise and develop the strengths and capabilities of people. Although we know personal qualifications, particularly at the management level, it is amazing how little we can say when asked: "What else is he good at?"

Take, for instance, location-level public relations (PR) or government dealings — a role traditionally performed by the location head, say the works manager. But he may not have the flair for it. If he looks around, irrespective of level, at who has a natural flair for PR he may find several persons to help him perform this role.

Qualifications and degrees are not the only yardsticks of a person's capability. One must also find out other ways in which he can contribute

NON-TRADITIONAL ROLES

Take the example of a managing director who needs an analyst to scan at least 80% of the reports reaching him or a catalyst — an ideas man. Neither of those are traditional roles. While the analyst's may be a permanent role, the catalyst may be idle for large stretches. Not being a permanent role, the catalyst may be discovered in the most unexpected or unrelated function, and what is more, at unexpected levels of hierarchy. Greative people are fiercely independent in their views, often intolerant of others' sensibilities. They are possibly eccentric and unlikely to pander to egos. In the catalyst profile, one has the seeds of unpopularity and yet a chief executive with an eye for creativity will attempt a discovery of such talent. Here he will have to break all traditional role boundaries to let creativity surface and develop.

What are the basic steps in a role developmental system like this?

- A **strengths inventory** to start with. Apart from traditional expectations of a role, what else is the person good at? Spell it out briefly.
- Build **positions around people.** A position study will provide the hard core of the job. Leave plenty of room for "what else is he good at." Then enlarge and enrich the job beyond traditional and functional boundaries.
- **Provide opportunities** individually and in a team situation for achievement, utilising the unique strengths of people. Go well beyond the functional specialist traditional roles required for task forces of this nature.
- Have a system of briefly recording, once a year, **a person's preference** in terms of position and role. This may or may not match his assigned role. At least future career plans won't go awry if this elementary precaution is taken.
- Discovery of potential is a logical culmination of earlier steps. More than set succession planning, a constantly **changing position** matrix may develop as an essential ingredient of role flexibility for creative achievement.
- **Developmental inputs** towards realisation of potential should be planned and implemented in consultation with the person, taking into account his role preference and expectations.
- No **career plan** should materialise unless the earlier step is completed and the person is ready for the position.

A large percentage of meetings in predominantly hierarchical organisations has a set membership pattern consisting of the manager and his line and specialist staff. While this can work for information sharing and reporting meetings, problem-solving and brain-storming sessions require wider participation beyond the confines of the traditional group. The question to ask here is not only "who has the relevant expertise?" but "who must be in on this meeting, irrespective of hierarchical and functional boundaries?" and also "who will be crucial to the implementation of whatever solution is reached?"

When these questions are asked, several other key individuals will be included. The key principles here are:

- Let the problem dictate the membership of the group;

Treat authority as fluid, dictated by the situation or the problem, flowing to those individuals best equipped and suited at that point of time to achieve the desired results; and

- Use maximum interaction and participation.

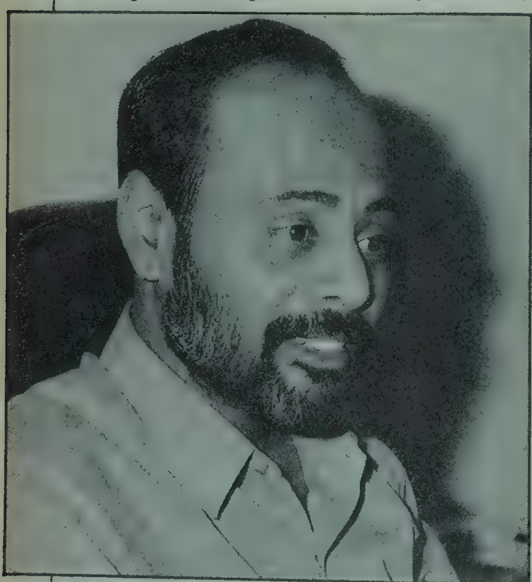
If all this is done, people will begin contributing more and the total organisational output will be effectively enhanced.

■ *A.P. Madgavkar*

The author is vice-president (personnel) of Union Carbide India.

"WE ACCESS DATABASES"

The Bangalore-based Informatics (India) Pvt Ltd calls itself an information vendor. The first outfit in the country to promote the concept of online access to international databases and the first to introduce compact disc read only memory (CD ROM) products to India, Informatics has forged links with several overseas agencies in the information industry. Founder-managing director N.V. Sathyanarayana (37), who worked as a librarian with Smith, Kline & French (now Eskayef), the Indian Institute of Science and HMT before turning entrepreneur, spoke to N. Raghavan of BusinessWorld *about the genesis of Informatics and future plans. Excerpts:*



■ On Informatics' main activity today.

We are equipped to offer any information that is likely to be available in the public domain through organised database sources anywhere in the world — information on products, process knowhow, state-of-the-art technologies, technologies available for licensing, business opportunities and export opportunities. We have established rights of access to over 1,000 international databases. But of these, hardly 150 would be of Indian interest. A few of the databases are available on CD ROMs.

■ On how the system works.

Anyone wanting information/data has first to spell out his requirements accurately in a search-request form that we provide. He should also indicate the minimum amount he is willing to spend. Two things are important. The queries should be well defined and the appropriate database should be available. We, then initiate a search and the yield is dispatched as a printout. Initiation of a search does not guarantee the information sought nor the accuracy of information provided. Members are charged actuals, plus a 15% service fee, and they are exempted from paying the minimum Rs 500 per query charge. The annual membership fee is Rs 5,000. For non-members, we charge actuals, plus a service fee of 25%, subject to a minimum of Rs 500 per query. In Bombay and Delhi, we operate service centres under the name of Infotel, a collaborative effort between Informatics and the Videsh Sanchar Nigam Ltd (VSNL).

■ On the kind of queries handled.

Most queries come from the pharmaceutical industry, probably because of our aggressive marketing, followed by the chemical industry, which depends heavily on published information like, for instance, the voluminous Chemical Abstracts published by the American Chemical Society.

We have in the last five years serviced over 400 clients. In the corporate sector our clients include Tata Chemicals, Nocil, Pfizer, Astra IDL, Kirloskar Electric, Bajaj Auto, PAL, L&T, Best & Crompton, and ACC.

■ On Informatics' other activities.

We are training and education consultants (in India) to US-based Dialog, a leader in the online information business. We train people in accessing and searching international databases; advise and assist in setting up online access facilities; and are empowered to offer Dialog passwords to those who wish to access Dialog directly. Out of the 65 Dialog passwords issued in India, 62 have been issued by Informatics. All this apart, we market subscriptions of a number of foreign journals. Even today, 65% of our turnover of Rs 1.25 crores comes by way of commissions on magazine and journal sales, but the services side of the business is becoming more profitable.

■ On growth plans.

We have taken up marketing of Hitachi CD ROM drives and locally-assembled CD ROM workstations. We have tied up with SilverPlatter, a leader in CD ROM publishing, Information Access Inc., and Oxford University Press to market their CD ROM databases in India. We propose to get into CD ROM publishing at the pre-mastering stage, involving creation of databases and converting databases in the CD ROM format. Our aim is to become a database producer, and the potential is huge.

Out of the 4,500 or so databases in the world, there's not a single online database from India. We have made a small beginning. The department of science and technology (DST), for instance, has asked us to compile all the parliamentary questions asked and answered on science and technology in the last five years, and in which the DST was involved. Predicasts, a major US-based database producer, has asked us to provide Indian inputs for its database. We have been chosen — from among 250 companies — to take over the operation of the Export Opportunities Service (EOS), a service for Indian exporters hitherto run from London by the Developing Countries Trade Agency of the British Trade Board. Informatics has also entered into an arrangement with British Library (UK) which subscribes to over 50,000 journals, facilitating inter-library loans and document-delivery support.

■ On other information outfits in the country.

In the last one year, a couple of companies have emerged — one in Bombay and the other in Madras, called Alert International. Then we have the Technology Development & Information Co of India (TDICI) and the Indian National Scientific Documentation centre (Insdoc), started years ago as an information support service for CSIR institutions. The National Science Information Centre (NSIC) addresses itself to the university sector. Then we have the National Information System for Science & Technology (Nissat), entrusted with funding of five National Access Centres for International Databases (Nacid). Of the five, only three — at National Aeronautics, National Chemical Laboratories, and Insdoc — are operational.

TIEUPS ON OFFER

This one is for businessmen wanting to tap the need of those wanting to spend some time away from the metros without losing the luxuries that a permanent home in the city has to offer. US-based W.D. Thornton Co manufactures mini modular housing consisting of a bedroom, bathroom, and kitchen and dining area. Each module includes beds, a sofa, a stove, a refrigerator, a furnace and a water heater, and is insulated with 5.08 cm thick walls. Included also is prewiring for airconditioning, and dual propane tanks with an ATO regulator. Indian companies could correspond for an agency arrangement for this product which costs $9,463 (Rs 1.66 lakhs; $1=Rs 17.50).

Contact: W.D. Thornton, president, W.D. Thornton Co, Dept CN, 2800 W. Division, Arlington, Texas 76012, USA. Telephone: 817-275-6895.

Apple Macintosh computer owners can now use their machines to learn foreign languages. Also, language buffs could brush up on their skills by using US outfit HyperGlot Software's foreign language software package. This package, according to the company, helps users listen to the pronunciation of Spanish, French, German, Russian, Japanese and Chinese as the natives speak it. The software also allows users to switch lessons from English to the foreign language and vice-versa, besides permitting random selection for words. The company claims the software can also serve as a refresher course for those familiar

with the foreign language. The price tag: $30-60. Indian companies could try for an agency arrangement.

Contact: Phil M. Baggett, managing director, sales/marketing, HyperGlot Software, Dept CN, 505 Forest Hills Blvd, Knoxville, Tennessee 37919, USA. Telephone: 615-558-8270, Fax: 615-588-6569.

Taiwanese outfit, Winking Manufacture Inc, manufactures auto butlers which could find buyers among rich car owners in the country. Auto butlers are attached to the dashboard and hold cups, glasses and cans. Since they are held firmly, spillage is prevented. When not in use, they can

be pushed back against the dashboard. These auto butlers can be adjusted to fit in almost any car or truck. Indian companies could approach for an agency arrangement.

Contact: Winking Manufacture Inc, 5th Floor, 13, Alley 5, Lane 94, Wun Lin Rd, Peitou 11203, Taipei, P.O. Box 68-941 Taipei. Telephone: (02) 8343125. Telex: 24079 Winking. Fax: 2-8363368.

Preventing corrosion of equipment is a priority for most manufacturers. Jansen, an Austrian company, now offers a solution to this. The company specialises in corrosion protection of various structures right from bridges and facades to cranes, high-tension pylons and sewage treatment plants. The protection treatment even extends to ships, offshore and onshore construction, and sheet piling in the maritime sector. The treatment is based on 1-C or 2-C polyurethane resins which can be painted on with a brush, roller or spray-painted either with a cup gun or through airless spraying. Indian companies could approach for a technology transfer or agency arrangement.

Contact: Stefan Hnatek, Jansen Bauwerterhaltung, Rudolf-Zollner-Strasse 29, A-2500 Baden, Austria. Fax: (02252) 45116.

An Austrian company, M-U-T, has developed a completely new waste air cleaning plant. The company has set up a pilot plant which can, according to the company, remove environment harming contaminants that cannot be removed by conventional filters. Like in the production of mineral fibres, certain aerosols are emitted along with the waste air which are difficult to eliminate. M-U-T's plant can tackle this task. The company has bagged a patent for this process which works on a biological and electrostatic basis. Besides manufacturers of insulating

materials, other potential users of this plant are producers who need or emit organic nitrogen during their production processes. With environment awareness increasing Indian companies could find a market for this waste air cleaning system in the country.

Contact: M-U-T, Schiessstattgasse 49, A-2000 Stockerau, Austria. Fax: 0226/2545-202.

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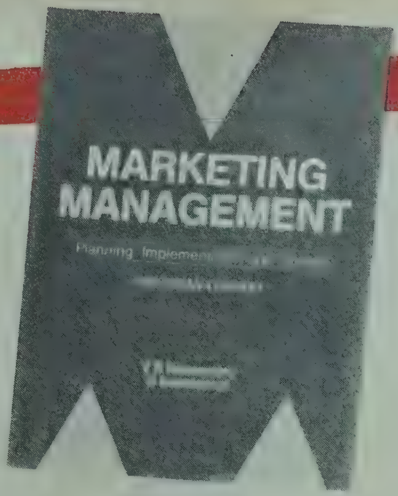


A MESSAGE WITH PROMISE

One of the key elements in marketing is getting the message across. A product with everything going for it may flop in the marketplace because the end-user does not have sufficient information about it. This case study on Balsara Hygiene Products' Promise toothpaste, a second extract from Marketing Management, *shows how marketing communications can be used effectively.*

The rise of Promise toothpaste contains within its fold some of the best lessons in marketing communications. It is a case of a small scale business staking all that it had in one product and venturing with full confidence into a turbulent market dominated throughout by the multinationals. Balsara Hygiene Products put Promise on the market after careful preparation for seven years and became a clean winner through imaginative and high power marketing communications. Promise turned out to be a real promise to the consumers of India. And they became aware that a quality product meant for their daily use could come from a small Indian company, using domestic technology and talent and at a price that was considerably lower than that of the multinational brands.

Before we go into the fascinating promotional strategy employed by Balsara in establishing Promise toothpaste in the Indian market, it is essential to have an idea of how Balsara branched off from trading to manufacturing and how eventually it launched Promise toothpaste.

In pre-Independence India, Balsara was a small family concern, trading in imported sanitaryware. Later, in the post-independence period, when restrictions were imposed on imports of several items, Balsara started exploring the feasibility of manufacturing some products.

In 1962, Balsara launched its first product Odonil, an air purifier for homes. In 1964 it introduced Odopic, a scouring powder. This was followed by Odomos, a mosquito repellent cream. Then came a water filter — Puritas. In 1972, another new product came — Sanifresh, a lavatory cleanser. In 1978, the product line got further broadened — Balsara entered the toothpaste market introducing Promise. This was followed by Promise toothpowder in 1980 and a little later by Prize, the fluoride toothpaste.

THE TOOTHPASTE MARKET

The Rs 160 crore (in 1986) toothpaste market of India has throughout remained the exclusive field of four multinationals — Colgate Palmolive, Hindustan Ciba-Geigy, Geoffrey Manners and Hindustan Lever. In terms of brands too, the market remained confined mainly to four brands — one each from each multinational firm — 'Colgate,' 'Cibaca,' 'Forhans' and 'Close-Up.' Whereas in products like cosmetics — toilet soaps, shampoo, facial make-ups — several new brands got well established over a period of time, in the toothpaste line, the list of brands remained limited with the established brands expanding their production and meeting the rise in demand. New brands did appear here and there, but most of them vanished after a short spell of life or remained confined to certain localised markets. In the total scene, Colgate, Forhans, Cibaca and Close-Up were the only noteworthy brands, with Colgate as the leader. The corporate strength and the promotion power behind these major brands were so overwhelming that it was not possible for unequals to enter the scene, let alone compete effectively.

> **The success of Promise toothpaste is a prime example of how to effectively use marketing communications**

Into this tough market, where no newcomer could ever make a dent, Balsara entered with a bang with Promise. And soon, Promise created a stir in the otherwise closed circuit toothpaste market of India. Within three years of its introduction, Promise climbed up the rank list and became the second largest selling toothpaste in the country, outstripping Forhans, Cibaca and Close-Up. Promise holds more than 14% share of the toothpaste market today.

Though several factors such as careful preparation before launch, choice of the right pricing strategy and creative promotion acting in congruence had produced the phenomenal Promise success, effective marketing communication was certainly the chief contributor to the success. And this case study is mainly concerned with this factor.

Balsara had the clear knowledge that, in a product like toothpaste, sustained and high power promotion held the key to marketing success. Despite being a small scale firm, Balsara unhesitatingly committed the required resources for promotion. It chalked out a high-budget, nationwide promotion programme using all types of media — radio, TV, cinema, press and outdoors. It organised a superb pre-launch campaign using all these media in a selective way. And the campaign did not remain as a mere forerunner to the launch. After successfully launching and positioning the product, Balsara strengthened the campaign considerably. And with every expansion in sales, it invested more and more in promotion. In fact, for the first three years after the Promise launch, the company was prepared to accept the position of 'no profit from Promise.' It kept spending more than 30% of the sales income on

promoting the product. It was a studied and calculated risk that Balsara was taking. If it had kept quiet on the promotion front after the successful introduction thinking that the product with the initial acceptance would get well established, Promise would most probably have been out of the market by now.

Balsara knew that in marketing communications, especially in a product like toothpaste, a good USP is essential. Through careful market research, Balsara had obtained a good grasp of the practices of the competitors in the industry in the matter of USP. Forhans was relying on the USP 'A toothpaste discovered by a dentist.' Brands like Cibaca had at first gone in for 'chlorophyll' and subsequently made 'fluoride' their USP. But chlorophyll and fluoride did not remain USPs for long, since all the competitors in the industry started building this ingredient into their products. Colours and flavours were also being used by the different brands as their distinctive features, if not as their USP. Colgate stayed with white, Forhans depended on white for its regular and light blue for its fluoride. Cibaca came in two colours — light blue and green — and Close-Up in sparkling red. Signal preferred to be very distinctive with the red stripes. It was clear to Balsara that the different toothpaste manufacturers were keen to endow their products with some distinctiveness. It was equally clear that if the USP were to make a lasting impact on the minds of the consumers, it must be based on a really unique feature. Balsara took the cue and the powerful USP of Promise — 'The clove oil,' sprang up.

The clove oil USP served three distinct purposes in the calculation of Balsara. In the land of spices, a spicy toothpaste should be welcome to the consumers. After all, the flavour of spices like cardamom, clove and cinnamon had all along been an integral part of the Indian tradition. Secondly, Indians have traditionally looked on clove oil as an effective medicine for tooth ailments. Thirdly, unlike colour and other attributes like 'chlorophyll' and 'fluoride,' the clove oil USP could not be copied easily by others.

Balsara was wise to blow up the inherently strong clove oil USP through a powerful promotion campaign. In fact, it is through the combined effect of the USP and the aggressive promotional effort that Promise became a success in the difficult toothpaste market. Backed by the USP and the powerful promotional effort, Promise took the market by storm.

THE PRE-LAUNCH

At the pre-launch stage, Balsara raised one basic question: How to approach the consumer who is so far used to some other brand? How to induce a trial purchase? What message would prompt the buyer? The advertising agency of Balsara did the required consumer research and found out that in India a consumer looks for four Fs in a toothpaste — finish, freshness, foam and flavour. Balsara used this knowledge in formulating the ad message for Promise. Promise got positioned as "the unique toothpaste with time-tested clove oil." The copy ended with the base line: "Healthier teeth and gums, fresher breath. That's a Promise."

Through a carefully selected multimedia campaign, Promise was launched. The heavy press campaign in national newspapers and magazines was backed by commercials through TV, radio and cinema. The ad film showed a housewifely model first exclaiming: "Oh no, not another toothpaste!" and then introducing Promise with flashbacks of a dentist and a grandmother administering clove oil to give relief from toothache. It ended with the model delivering the punchline —"Wonder why nobody thought of it before"?

The post-launch market research by Balsara showed that the ad campaign was effective; 'unaided recall' was 90% and 'brand trial rate' was 25%. And within two years of product launch, Promise grabbed a market share of 8%.

Promise was launched successfully. But Balsara knew that in the Indian market several brands of toothpaste had been launched successfully and had then vanished abruptly. Balsara knew that only by ensuring repeat purchase and building a brand loyalty around Promise, could the brand stabilise. New ad campaigns were launched, aimed at repeat purchase. The ad commercial for TV and cinema was changed to suit the new requirement.

AD EFFORTS

At this juncture, Balsara rightly decided to supplement the advertising effort by some sales promotional steps. The early clientele built up for the new product had to be retained. Offering them some incentives was the right decision. Balsara announced certain free gifts.

First came the offer of a "3D ruler with every 200 gm pack of Promise." The intention was to attract children. Then came the offer of "five Topaz blades free with 200 gm pack of Promise." Next in the series was the offer of a "toothbrush with every 200 gm pack of Promise." Balsara intelligently utilised sales promotional ingredients in support of the post-launch ad campaign and secured repeat purchases.

Balsara's marketing of Promise has literally been a case of bearding the lion in its den — meeting Colgate whom even fellow multinationals like Ciba-Geigy, Hindustan Lever and Geoffrey Manners could not meet squarely. For, after all, none of them could carve out for themselves even a 10% share of the market. But Promise, through creative promotion, attained a market share of 16%, the second highest position in the toothpaste market of India. And for the 'house of hygiene,' it was a remarkable satisfaction to see Promise standing proudly as No.2 on the victory stand.

(Extracted from Marketing Management — Planning, Implementation and Control — The Indian Context; by V.S. Ramaswamy & S. Namakumari; published by Macmillan India Ltd; Rs 78.)

CELEBRITIES & SELLING

Brands are invaluable assets. Although ordinary coffee may taste just as good, coffee drinkers go for Nescafe or Bru. Although Power shoes might be good stuff, the new Adidas line walks off the store shelves faster. Creating brands or giving old brands a new thrust is tough work. Marketers sometimes seek the help of celebrities to make the job a bit easier.

The celebrity has become a primary product. However, the selection of the celebrity to endorse a product is crucial

Celebrity advertising is a practice across the globe. The soft drink companies in the US are possibly the biggest employers of celebrities. Michael Jackson, David Bowie, Tina Turner, Michael J. Fox and Lionel Ritchie have appeared for Pepsi while Bill Cosby, George Michael and Boris Becker have endorsed Coke. Other tennis stars endorse a wide range of products and services — Michael Chang for Cathay Pacific, Stefan Edberg for Adidas and John McEnroe for an anti-drug campaign. What do all of them have in common? Fame.

As we move into the 21st century, the celebrity has become as much a primary product as rice and wheat. And like rice and wheat, it must be right for the diet. For instance, the name of an American baseball star might be meaningless in marketing in Asian countries. The selection of the celebrity is crucial.

GENESIS

The genesis of celebrity advertising goes back to 1924. O.H.P. Belmont, the doyenne of New York society and a prominent feminist, was the first real celebrity to lend her name to advertising. She endorsed Pond's cold cream in exchange for a donation to charity. The first product to enlist a range of celebrities was Lux. Lux is marketed all over the world as a soap for film stars. Nine out of ten screen stars, announced a J.Walter Thompson (JWT) ad in 1927, "care for their skin with Lux toilet soap." The stars were rounded up by Danny Danker, JWT's representative in Hollywood. Known as the "Lux Playboy," Danker lived on a lavish expense account and knew his way around the studios. He signed up starlets when they were unknown, getting their name in exchange for a crateful of Lux. Then, if they made it, he put them in Lux ads for no further expense. Joan Crawford, Clara Bow, Jaynet Gaynor appeared for Lux.

Celebrity advertising took a new turn with the world wars. Nations turned patriotic and soldiers endorsed a range of products from chewing gum to toothpaste.

The post-world war phase in celebrity advertising belongs to sportsmen, film stars and plain famous people — famous for their achievements in their respective fields. On an international scale, a sports celebrity is a difficult pitch. Americans and Japanese do not understand cricket. So, Gavaskar and Imran Khan would go unnoticed. British football is considered too downmarket. Skiing has international appeal and the glamour (broken ribs included). But skiing stars are barely recognisable under their wraps. Hence it is not surprising that only two sports cut across the national boundaries — tennis and golf. Unsurprisingly, superstars of tennis and golf make as much of a packet outside the arena as inside. In India, cricketers are the most sought after sportspersons, with the odd exception of a Geet Sethi or P.T. Usha.

LARGER THAN LIFE

A number of celebrities endorse Rolex Watches — Reinhold Mossnev, Isadora Duncan, Chris Evert, Frederick Forsyth and Francis Ford Coppola. In all these cases, the celebrity is a megastar and the link to Rolex flows in easy and simple copy. Lee Iacocca became a celebrity as the father of Mr. Mustang. But he assumed a larger than life role when he appeared for Chrysler ads. This appealed to a number of car buyers and that Chrysler came back from the brink is part of management folklore. After Iacocca, a number of other chief executives tried it, with (expectedly) little success. In India, S.K. Khaitan is putting his signature upfront as a guarantee to consumers. One gets a feeling that this mode will not catch on in India. By and large, chief executives are content with beaming from the pages of annual reports. They prefer to skip the temptation of featuring in ads.

Real celebrities, however, do not just promote goods: they turn their names into brands. Gavaskar has done it with S.G. Sports which makes gloves, bats, pads and shoes endorsed by the little master. Pierre Cardin, the fashion designer, has done it with toiletries, clothes and classy cigarettes. Zeenat Aman has endorsed a 'Zeenat' perfume to be sold in West Asia. Liz Taylor has clothes and perfumes that carry her name. The list goes on...

Sometimes, celebrities are unpredictable; and can be downright bad for the brand. Pepsi used Madonna and she released a music video which created a controversy. Pepsi and Madonna parted ways after that. Picking celebrity winners for brands is a fine balancing act. Funnily, what celebrities do not do can also affect the sales of a product. Clark Gable went around without a vest in a 1924 movie. Sales of vests dropped 50% in the US in 1925. Vest not, want not, what?

■ *D. Shivakumar*

The author is a Madras-based marketing executive.

TAPPING THE HYPOCHONDRIAC

It's like a hypochondriac's dream come true — Instaid, a fully packaged first aid kit. Developed by a Delhi-based pharmaceutical concern, VTL (India), Instaid has not created any ripples in the one month since it was launched, though it is early days yet.

"It is a total package covering all common ailments from colds and headaches to fevers and diarrhoea, besides other exigencies like treatment of burns and wounds," says R.C. Modi, marketing manager, VTL. All the medicines have been specially developed for Instaid. "We had to be careful about selecting products which were not only effective and safe but also in the non-scheduled drugs list," says Modi. VTL has also made arrangements to stock retailers with refills.

Instaid will be sold only in registered chemist shops. The target audience is the Rs 5,000 plus monthly salary category. Small wonder that Instaid is priced at Rs 60 a kit. VTL's turf, which is at present restricted to Delhi, will spread to the rest of the country by September. Modi says he will be happy to see VTL end up with sales of one lakh kits at the end of the year. With an export order of 20,000 kits to the USSR tied up recently, Modi is hoping for the best on the domestic front too.

DESIGNER YOGHURT

This summer, grocery shelves in European supermarkets will carry fresh evidence of the creative genius of Indian designer S.R. Sengupta, head of Paris-based Shining Strategic Design.

As he did in the recent past for the designs of Tzuku (an artificial sweetener) and Mukti (cookies), Sengupta has drawn on oriental themes this time as well. BSN Groupe's new soya-based Yoghurt Vi-Thai bears Sengupta's *imprimatur*: an exotic brandname, the introduction of yellow as a new colour code in the dairy products market ("reflecting the warmth of oriental countries") and the subtle exploitation of oriental calligraphy ("the dot over the first 'i' represents the soya bean seed and the double dot over the second 'i' portrays the growth of that seed"). The rainbow and the rising sun are also part of the package design, respectively symbolising the "progress of a healthy body" and "vitality."

The use of yellow follows Sengupta's astounding success in using green two years ago with Bio fermented milk, made with bacteria called bifidus which aid digestion. "Despite its taste and health value, consumers did not see it as something pleasant to eat. From this, Shining saw the need to introduce pleasure into this kind of product and one way to do this was to use the idea of nature. To represent the value of nature we gave the brandname Bio and used the colour green, revolutionary in the area of dairy products where only white was used." Less than a year after its launch, Bio was the market leader, much to the delight of Shining's client BSN Groupe, which owns the product.

NEW PLAYER IN SHIRT TOWN

Attention Van Heusen, Louis Philippe, Ambassador, Newman and Stencil. There is a new upstart in shirt town, gunning for a showdown. Threatening the majors is the Delhi-based Cosmique India, which recently launched its 'Wardrobe Collection' of "tailormade readymade" cotton and polycot shirts.

Tailormade readymade? Explains Cosmique's general manager (marketing) Ravi Aurora: "The Wardrobe Collection will not only have a shirt for every size, but also different fits of the same size. Our shirts will have the snug fit of the tailormade." Adds he: "There is a vast segment which still prefers tailormade garments. We'll be trying to convert them to readymades."

And how does he plan to woo the tailormade diehard? By selling comfort as the USP. "Comfort in every way — in terms of price, fabric and fit." Add a two-year guarantee, and Wardrobe Collection might just prove to be a crowd puller.

There are three ranges of Wardrobe Collection's all-occasion shirts. First, is the anytime basic shirt priced at Rs 150, Rs 180 and Rs 250. The anytime fashion shirts are priced at Rs 250. And the casual range (the baggies collection) will have tags from Rs 140 to Rs 200. Says Aurora: "Our shirts are cheaper than those of Louis Philippe and Van Heusen which are in the Rs 350-450 range."

Wardrobe shirts have been designed by Aurora's own design team and Cosmique is already exporting shirts to fashion houses like Bloomingdale's, Macy's, Harrods and Galleri Lafayette. So, it should not be difficult for its Wardrobe Collection to sew up the market back home. "That the potential for readymades in India is tremendous was shown by the findings of the market research we undertook," says Aurora. (He claims to have spent Rs 6 lakhs and six months on research.) According to him, the market for readymade shirts is potentially worth Rs 5,000 crores although at present it's around Rs 500 crores.

Initial sales at 300 shirts a day have been quite encouraging, says Aurora, whose target is 500 shirts. As of now, the shirts are being sold at 12 outlets (including three exclusive ones) in Delhi. By August, the number is expected to increase to 30.

Aurora has other plans up his sleeve. First on his list is a 'party range' of styled shirts (at prices between Rs 255 and Rs 325) to be introduced in August. This will be followed by the launch of cotton, terrycot, terrywool baggie and semi-baggie trousers (price range: Rs 300-400). "In three years, Cosmique wants to offer the Indian male shirts for all occasions, trousers, jeans, T-shirts, ties *et al*," says Aurora, who plans to go national next year.

Though Aurora says he is not positioning himself against Stencil, Ambassador and others, there is no doubt that he will have to gear up for the impending competition. He claims to have evolved "new marketing concepts" but prefers not to talk about them. Probably in the hope that his shirts will do the talking.

ROOH AFZA GETS TOUGH

Cashing in on the BVO (brominated vegetable oils) scare are the makers of Rooh Afza, the low-profile Hamdard group of Delhi. A Rooh Afza ad issued recently in the print media not only talks about BVO in soft drinks but also lists the other carcinogens in them. And it looks like a Rooh Afza vs. soft drinks bout is shaping up.

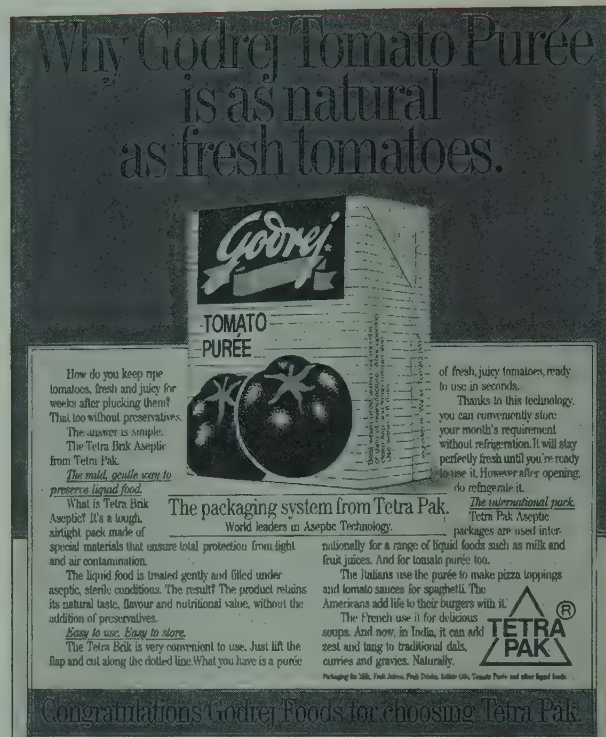
But Hamdard doesn't think so. Says a company executive: "We have just set the record straight and have stated the truth." Many observers feel that the latest Hamdard ad was prompted by the MRTP Commission's ruling which banned the previous ones. The earlier ads told consumers that they were becoming drug addicts by drinking fizzy soft drinks. (BVO, alleged to be carcinogenic, is believed to cause cancer if consumed in huge quantities.)

Soft drinks manufacturers disagree. Says a source in Parle: "Experiments done on rats, who were given a pure BVO diet, point to cancer-causing tendencies. But it does not affect humans in the minor quantities we did use." The All India Soft Drinks Manufacturers Association filed a complaint against the earlier Hamdard ad and was granted an injunction.

But Hamdard hit back with a new, even more powerful ad. One which talks about all the chemicals which go into a soft drink and comparing them with the natural herbs in Rooh Afza. An industry expert feels that Rooh Afza has managed to drink into the Rasna market, but it apparently has had no effect on sales of Limca and Gold Spot.

An ad released by Parle says that sales of Limca have gone up in the months of April and May by 58 lakh bottles in Delhi, Uttar Pradesh and Punjab alone. It further states that reports coming from Bombay and Calcutta too show a rising trend. Similarly, the introduction of the 250 ml Gold Spot has spurred sales in the northern region.

Another approach to the MRTP Commission against the new Hamdard ad is not ruled out, but the latter remains unfazed. Says a Hamdard spokesman: "We cannot help if others feel bad about our campaign."



PACK TALK

It made an entry as new packaging for soft drinks some years back. Frooti, a mango drink, was the first Tetrapak package to hit the market. Others followed. 'appy, Volfruit, Tree Top, Great Shake... But Tetrapak packaging for soft drinks didn't really take off. The reason: high costs. Although manufacturers had estimated Tetrapaks (for 200 ml soft drinks) to cost only around 30 paise per pack on a retail price of Rs 3.50, their calculations went haywire. And currently, the cost of packaging has soared to Rs 1.30 a pack, a whopping 38% of the retail price.

That clearly makes it uneconomical because Tetrapaks, unlike glass bottles, can't be recycled. Besides, Tetrapaks can't be used for carbonated fizzy drinks because they burst under pressure.

The net result has been that Tetrapak manufacturers have been forced to look for fresh pastures in higher value products, where packaging costs form a smaller proportion of the price.

There have been some takers already. The National Dairy Development Board (NDDB), for instance, sells its Dhara groundnut oil in Tetrapaks. And Godrej Foods has launched its tomato puree in what's being called a Tetra Brik Aseptic.

Clearly Tetrapak is pushing hard to get more manufacturers interested. Recently, Tetrapak ran an ad describing the virtues of using it for packaging. The USP is hygiene. And the aim: to wean away more manufacturers.

SCHOOLTIME, SELLINGTIME

June is the month when schools reopen after the summer vacation. This year it has also been the month for marketing everything from school uniforms to shoes to water bottles to erasers. Marketers are on a virtual rampage. At least two players in the school uniforms market, Bombay Dyeing and S. Kumars, have launched aggressive campaigns on television, while others like the public sector National Textiles Corp and Mafatlal have stepped up advertising in the print media.

Textile companies are not the only ones. Everybody seems to have hopped on to this brand new bandwagon: fancy eraser makers, shoe manufacturers and even water bottle and rainwear sellers. It's the great Indian vacation-end *bazaar*.

GOING NATIVE

For years, it's received stepmotherly treatment. Three-quarters of the country's population does not live in urban India, but all of its ad people do. The result: Indian language advertising has always been given the go-by. Dashing ad executives turn their noses up at the thought and, well, if you do insist on a language ad, just get the original English one translated. That's it. Odd, for a country where there are no less than 14 officially recognised languages.

But attitudes are changing. More and more agencies are realising that language advertising means much more. It means access to rural markets, which are growing by leaps and bounds. According to an ORG study (see *BW* 23 May-5 June 1990, p.19), the rural market for consumer goods is well over a third of the overall market. And in some of them — popular soap cakes and bars and synthetic detergent bars, for example — the rural market may in fact be bigger than the urban one.

RURAL CONSUMERISM

With consumerism growing in the rural heartland, with purchasing power going up, and given the increasing reach of television, advertisers and ad agencies have begun to grasp the importance of effective language advertising. And that means going beyond mere translations.

"Till recently, most Indian advertising was being directed at just 10-15% of the population," says Kamlesh Pandey, creative director of Rediffusion Advertising. English has been the language of communication. But with TV emerging as a great market expander, "manufacturers have quickly realised where the action is," says Pandey. "The market is out there where the masses are; where the TV soap opera watchers are."

Realisation, though, is just half the story. To communicate effectively in the new markets that are opening up, new skills are needed. Language skills. "You have to talk to the consumer in his own language. His mother tongue," says Rekha Nigam, language copy chief at Trikaya Grey advertising.

And there lies the rub. For though the Indian advertising business has grown over the years and skills have been honed to match trend-setting standards, most of that has been restricted to English advertising, not its poor cousin language sections. Take ad agency infrastructure. Few agencies have really bothered to set up full-fledged language writing cells. Says Pandey: "Nobody made a decent enough effort."

RIDICULOUS PAY

Consider: an average English copywriter at a big agency gets anything between Rs 5,000 and Rs 15,000 a month (some creative whizkids get much more than that) but a language freelancer (and most of them are freelancers) gets paid a ridiculous 50 paise per word!

The result has been an overwhelming urban bias. Observes Pandey: "We have a situation where advertising is suffering from a metropsyche. Our advertising is more of the Los Angeles or New York variety. And that doesn't make sense to the consumer out there in Muzaffarpur or Rohtak."

But with manufacturers harbouring megabuck dreams clambering on to the high-visibility television bandwagon, ad agencies are trying hard to keep pace with the changes. Says Mike (M.K.) Khanna, chief executive of Hindustan Thompson Associates (HTA): "Television advertising is

The big market is the non-urban one. To sell, ads must thus talk their language

ENGLISH ADVERTISING HAS ITS LIMITS, SAYS PIYUSH PANDEY

No, it wasn't in your history textbook.

In 1857, a merchant by the name of Mr. Kanji Morarjee started his own small revolt by setting up a trade in spices.

What followed was no less historic.

In 1940, we broke the British stranglehold on spice exports, and became one of the world's largest exporters of spices.

In 1947, to meet the needs of Independent India, we began crushing and refining our own oil.

Hot enough for you, dear?

We already have a whopping 20% share in the international spice extracts market, and export to West European countries and USA.

But we plan to create a still larger global presence.

So we're setting up a new company, KANCOR Flavours & Extracts Ltd.

This project is a financial joint venture with McCormick, USA, world leaders in spices.

THE REVOLT OF 1857 ISN'T OVER YET.

Soon enough, we had a foothold in big brand edible oils, performance chemicals, spice extracts, hybrid seeds. And a turnover of Rs.105 crores.

Eventful enough? No.

At a recent board meeting, Bombay Oil decided to set up four new subsidiaries.

Each one geared to take on a different challenge.

The consumer isn't stupid, she's Lalitaji.

Quite clearly, the future lies in marketing.

That's why, even though Parachute is the largest selling brand of packaged coconut oil in India, and Saffola the largest brand in its own category, we're not resting on our laurels.

We've launched yet another edible oil, Sweekar, nationally.

And we're consolidating our consumer products in a new company — Marico Industries Ltd.

So we can effectively concentrate on nurturing existing brands, as well as launch a range of new consumer products.

Another division gone to seed.

We have already evolved original hybrid seeds of sunflower, cotton and pearl millets.

Research is on for dozens of other crops.

A recent introduction is a hybrid cottonseed with faster yield.

To turn all this into a large scale activity, we've set up a new company — EPRO Seeds and Oils.

Our chemicals division has just exploded.

We're the only guys to have a really vast range of oleochemicals, speciality chemicals and performance chemicals.

Leading national and multi-national chemical manufacturers like IPCL, Pfizer and Cyanamid rely on us.

Though we've been leaders in oleochemicals for years, we continue to expand our range.

As a first step, we have just acquired a chemical unit at Pune — Hindustan Polyamides & Fibres Ltd.

Gentlemen, the revolution will continue at the next board meeting.

THE BOMBAY OIL INDUSTRIES LTD.

THE MANAGEMENT OF CHANGE

KAMLESH PANDEY (L) & REKHA NIGAM ARE TRYING TO TALK THE CONSUMER'S LANGUAGE

mainly in Indian languages. So it's very important for agencies to develop language skills." Laments Khanna, "We (agencies) haven't really done much yet in this direction," says he.

Some progress is, however, being made, at least in the attitudinal areas. Says Ogilvy & Mather's associate creative director Piyush Pandey: "Since the late eighties, we've consciously addressed ourselves to this task." Nigam of Trikaya echoes this. Says she: "We've had to fight for attitudes and that's made some difference."

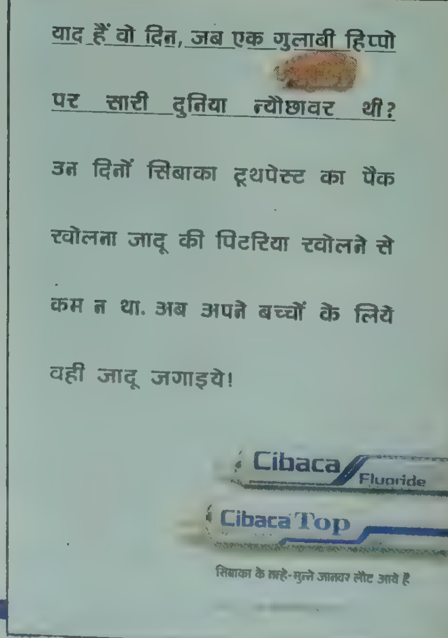
Many manufacturers have now begun using advertising that has been originally conceived in languages other than English. Says Pandey of O&M: "Sometimes the client himself wants it that way, sometimes we persuade him." Some samplers: O&M's popular *'Gale mein khich khich'* TV spot for Vicks cough drops; the Rath Vanaspati TV ad; the new *'Chal meri Luna'* moped campaign; Cadbury's new chocolate eclairs ad. "All of these campaigns were exclusively conceived and created in Indian languages," says Pandey, "and in most cases English would have failed."

Everybody acknowledges the importance of creating language advertising and not merely settling for mere translations. Says Noshir Desai, general manager of Karishma Advertising: "With marketing pundits predicting that business will become increasingly concentrated in small towns and cities, advertising in Indian languages is already very important."

Trikaya's Nigam is doing signal service for language advertising. Recently she set up Trikaya Manch — a forum for language copywriters. "It's an organisation to provide inspiration and mental stimulation to language writers," says Nigam.

Others too are pitching in with efforts to build up an infrastructure. Piyush Pandey at O&M is busy identifying good young writers for training them into advertising people, while Kamlesh Pandey at Rediffusion scouts constantly for new talent.

A TRIKAYA HINDI AD FOR CIBACA



But it's still an uphill task. "Getting good language writers isn't easy," says Pandey of O&M. "And it's even more difficult to get people who can write ads." Says Desai (of Karishma): "It's a whole different ballgame. We're talking to people with different lifestyles, different values and we've got to do it all in a different language. Their language."

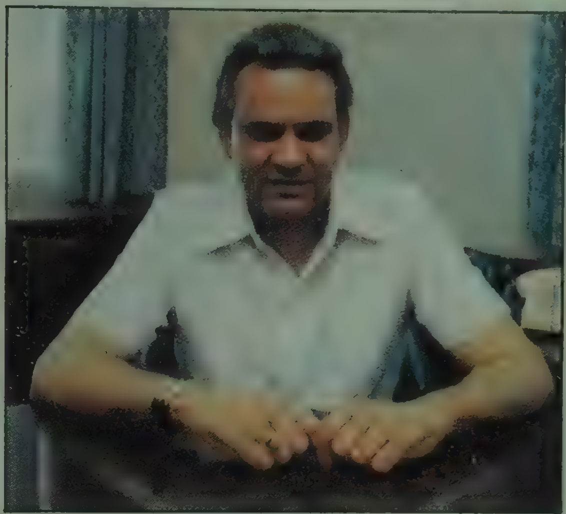
Tomorrow's big players in the ad game will be the ones who can kick off in Indian languages the earliest.

■ *Sanjoy Narayan*

Tomorrow's big players in the ad game will be the ones who can kick off in Indian languages the earliest

A CHANGE OF GUARD

Assocham, as the 70-year-old apex industry body Associated Chambers of Commerce and Industry of India is popularly known, has a new president. Last fortnight, the Calcutta-based sophisticate and socialite Avijit ('Bobby') Mazumdar, chairman and managing director of the Rs 50 crore turnover TIL (formerly Tractors India Ltd) acquired the mantle of industry spokesman from his high profile industrialist-politician predecessor Viren Shah.



MAZUMDAR WOULD LIKE CHANGES

By no means is Assocham still a fuddy-duddy multinationals' club. The sweeping restructuring of 1987 and the subsequent able leadership by two maestros (Lalit Thapar and Viren Shah) have ensured for Assocham a safe rejoining of the industry mainstream.

Votes of confidence. Consistent support from large houses like Tata and Hindustan Lever apart, Assocham's biggest bonus has been fresh votes of confidence from a phalanx of specialist associations. Today, as a result, Assocham represents the business interests of a broad industry spectrum ranging from the All India Association of 100% Export Units to the Winding Wires Manufacturers' Association of India.

"We give equal importance to representing small traders and large industry," avers Mazumdar. "One of my priorities will be to increase the depth of our coverage." Indeed, his own election as president despite being head of only a medium-sized company reflects Assocham's wider representative character.

Not surprisingly, Assocham espouses a philosophy of further liberalisation and welcomes a more competitive business environment. "Fundamentally, we believe that all business activities should really be determined by the marketplace and by market forces. In any case, our 43-year-old command economy has not been too successful. The closed and controlled superstructure needs to be dismantled at a much faster rate than that set by the current liberalisation process," opines Mazumdar.

Blueprinting plans. He says his focus will be on action and results rather than on blueprinting plans: "We Indians are very good at conceptualising and planning things. However, plans tend to get stuck at the implementation stage. At Assocham, we would like to set an example in our own small way by getting on with implementing and seeing plans through,in a structured and scheduled manner rather than resting content merely having created them."

One piece of action will centre around striving to make India a more attractive destination for the international businessman. According to Mazumdar, among the numerous deterrents impeding India's marketability, restrictions on foreigners owning over 40% of a company's equity are just one. Other important factors, he says, are inadequate protection accorded to patents and other intellectual property, and an unabated "hassle factor" involving permissions, paperwork, licences *et al*. "A potential investor is unlikely to get the vibes that he is wanted in this country," rues Mazumdar.

Assocham would like the nation's business related attitudes to change with the times — and faster. As a first step, it has itself gone through the throes of change. Assocham is now well placed to take the second step, and it is Mazumdar's onerous charge that it should not falter.

GENERATING A LEAD

The blistering heat and perennial power crisis notwithstanding, the portable gensets market in India has remained decidedly sluggish. The two main players — Birla Yamaha and Shriram Honda — are running neck and neck in terms of competition, with respective shares of 46% and 40% in the 60,000 sets per annum market.

In an attempt to get out of the rut, Birla Yamaha is now trying out a smart piggyback riding strategy. Cashing in on the fact that it is also licensed to manufacture "multipurpose engines," the company is going in for a "related diversification" into "power products allied to gensets."

TAKKAR HAS NEW OFFERINGS

The most pampered cars in India

use Dunlop Radial Class tyres.

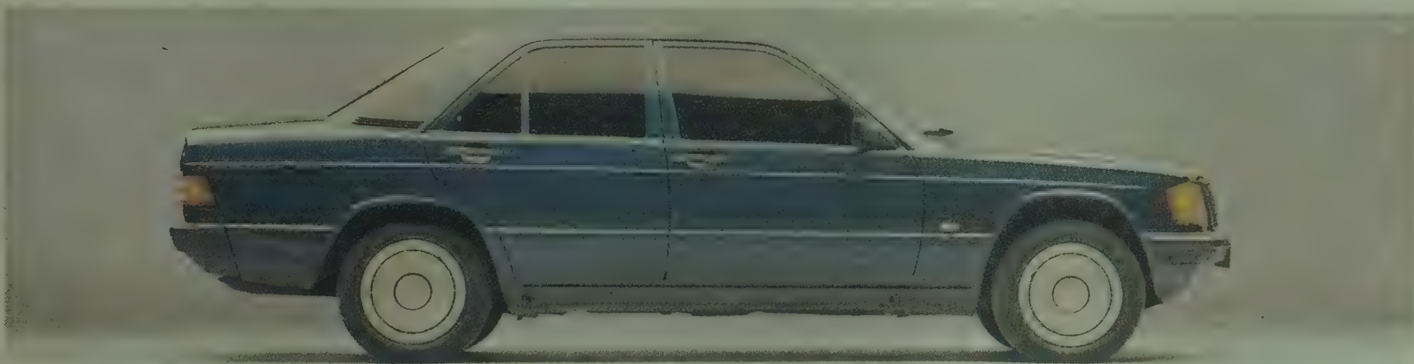
Like Mercedes, Toyota, BMW

and Honda.

Not to mention Maruti, Contessa,

Premier 118 NE and Standard 2000.

How To Spoil A Mercedes Benz.



Because Dunlop Radial Class

has soft-flex walls that make it the radial

with the maximum cushioning.

Dunlop Radial Class.

Guaranteed to spoil the best cars

in the world.

DUNLOP

RADIAL CLASS

Dunlop Is Dunlop. Always Ahead.

First of its kind. Explains spokesman Deepak Takkar: "We are launching three new products, each of which is the first of its kind to be made in India." The first item is a generator-cum-fogger, used for "fogging" an environment with pesticide. At the moment, imported foggers are being used for pest and insect control in tea plantations and agricultural fields and for malaria eradication. Priced at Rs 21,000 each, the foggers can serve a dual purpose by being used to generate power in a crisis, adds Takkar.

The second product, which Takkar enthusiastically labels as "revolutionary," is a generator-cum-battery charger (for 12V batteries)-cum public address system, replete with amplifier, mike and speaker. The price tag: Rs 10,000. Company officials feel that this item will prove indispensable for outdoor work like election campaigning or for defence and police uses. In the first year, 2,000 sets are slated for manufacture.

The third and likely best-selling item (anticipated sales: 30,000 sets per annum) is a multipurpose engine which can be coupled as a prime mover with pumps for agricultural production or with vibrators and concrete mixers for industrial applications. Notes Takkar: "There is a great potential for this machine, which will cost only Rs 7,000."

Not a paisa. The innovative aspect of Birla Yamaha's "related diversification" move is that the company will not have to invest a paisa either in machinery or in technology. The latter has been developed in-house at the Birla Yamaha Applied Research Centre.

With incremental sales at no extra capital investment costs, Birla Yamaha's return on sales ought to perk up within a short timeframe. And with part of the currently underutilised capacity being used productively, operations should rev past the break-even point, perhaps enabling the company to end its gestation ahead of schedule.

CENTRING IN ON TECHNOLOGY

Can India become an original equipment (OE) supplier to international majors? "Yes," says Ulrich

KANWAR HAS A NEW TIEUP

Diller, executive director of STIHL, a West German engine manufacturer. "Yes," echoes Onkar P. Kanwar, scion of the Raunaq group. The result: the two have tied up to establish training centres in India to facilitate technology transfer and to develop these centres for the manufacture of the identified equipment and components.

"India has tremendous potential to supply us forging and die-casting products," says Diller. "And we are confident that we can utilise this potential. Thus STIHL, a Rs 1,150 crore turnover company with a 27% share of the two-stroke engine market, is stepping up operations in India."

Long-term perspective. "STIHL is looking towards India with a long-term perspective," says Kanwar. "They will be providing free technical and management consultancy in the beginning to develop the centres before importing components from here." He estimates initial imports by the German company at Rs 20 crores. This could later zoom upto Rs 100-200 crores.

In the beginning, Raunaq Enterprises will be supporting the centres besides setting up some of them on its own. "This is their first visit and some engineers from STIHL would be visiting the country soon with specific details. For the time being, the negotiations are at a preliminary stage," comments Kanwar.

STIHL's strategy, according to Diller, is basically designed for better currency management. With 85% of the company's turnover coming from exports to 130 countries the world over, the group has to face problems with fluctuations in inter-currency rates. Therefore, the move to establish suppliers of components the world over to help minimise this problem. Five such sourcing centres have already been established by the group in countries such as Taiwan, China, Indonesia and East Germany. India is now being added to the list. And it is Kanwar's hope that it will soon be on par with the rest.

BUCKING UP VENTURES

With more venture capital companies emerging, the early birds in the business are having to buck up to maintain their edge. One such company which has had to broaden its horizons is the Technology Development and Information Co of India (TDICI), promoted in 1988 by the Industrial Credit & Investment Corp of India and the Unit Trust

NADKARNI HAS A MARKETING FOCUS

of India.

Most TDICI-funded ventures so far have been hi-tech, but the focus is now altering a bit. "We're certainly not withdrawing from funding technology ventures, only broadening our perspective," says Kiran Nadkarni, who took over as TDICI president in April. For instance, the outfit today is not averse to funding marketing outfits, especially those pushing products of companies funded by TDICI.

Building synergies. "Excellent products need not necessarily sell," explains Nadkarni. "Many of our clients expect us to help in marketing, but our expertise is in funding. So, we have decided to fund marketing outfits who may help such clients. It's basically to build up synergies in our portfolio, add value." One such TDICI-funded venture is the Delhi-based Faber Equipments which markets telex terminals and photocopying machines of different makes.

Nadkarni takes pains to stress that venture capital is not synonymous with hi-tech. "If it's so in the US, it's incidental — not planned," he says. According to him, TDICI will fund high-risk projects that promise high returns regardless of technology.

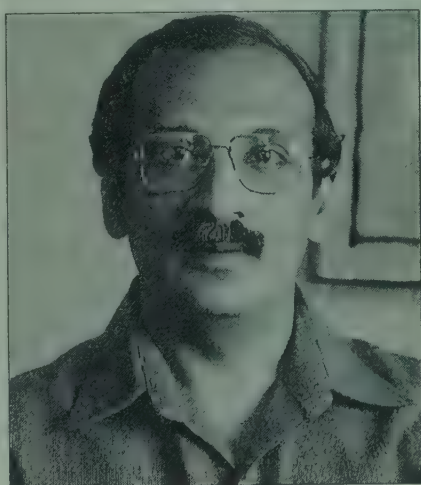
TDICI has so far funded 67 projects, and the amount sanctioned totals Rs 34 crores. In another interesting development, TDICI plans to invest in unlisted but high-growth small and medium companies (with a capital base less than Rs 3 crores). Under an arrangement being worked out, the promoters will be offered an attractive buyback option.

Nadkarni, who was earlier chief of technology venture finance at TDICI, is not ready to disclose the details of the scheme yet. He would also like to reserve judgement on how TDICI-assisted ventures have fared so far. Nadkarni admits, though, that with a dispersed client base it is not easy to communicate what TDICI is and stands for. Seminars have not been quite effective. "We are thinking of direct marketing," says Nadkarni, who could do with more clients in a market that is limited and where more and more venture capital players are vying for a piece of the cake.

LOOKING BEYOND SUGAR

Sugar companies have been tasting sweet success the past few years. This has been particularly true of the southern outfits — Bannari Amman, Sakthi Sugars and Aruna Sugars, to name a few. The smaller fry have been making hay too. And some of them are now thinking big.

Thiru Arooran Sugars, a closely-held outfit headed by former Indian Sugar Mills As-



TYAGARAJAN IS SITTING PRETTY

sociation president Ram V. Tyagarajan, is an apt example. Tyagarajan has expanded his sugar operations and now has plans to diversify away from sugar into chemical and process industries. To begin with, Tyagarajan, encouraged by the gratifying results his 25-year-old sugar plant has been producing, has put up another 2,500 tonnes crushed per day (tcd) capacity sugar plant in Tamil Nadu's fertile Thanjavur district. Already on stream, this plant has "state-of-the-art technology," claims Tyagarajan. Costing a whopping Rs 25.9 crores, the plant incorporates self-setting mills developed by Fives Cail Babcock of France (which Tyagarajan says is world renowned for improved extraction) and a high pressure boiler which will result in a substantial saving of bagasse. The company proposes to utilise the bagasse for co-generation of surplus power which will be tapped for other projects.

A little balance. Explains Tyagarajan of his proposed diversification: "From a one product (sugar), one unit company we feel it is time to bring in a little balance in our activities." And with his background in sugar Tyagarajan plans to stick to process industries. "We are actively processing a Rs 17 crore project for acetic acid and acetic anhydride," he says. Tyagarajan has already an allotment for industrial alcohol from the state government to manufacture acetic acid and a letter of intent is expected shortly.

While plans for acetic acid are fairly concrete, Tyagarajan is also thinking of a Rs 45 crore project to manufacture caustic soda. "There is a glut of caustic soda in the market now but this being such a basic industrial product we could still make a success of it," says Tyagarajan hopefully.

Meanwhile, Tyagarajan's existing 2,000 tcd capacity unit has proved to be extremely profitable. Capacity utilisation has been one of the highest among sugar plants, while recovery has been high at around 10%. Turnover for the eight months ended 30 November 1989 was Rs 23 crores while the annualised net profit was Rs 6.58 crores over the Rs 1.90 crores for the previous year. Reserves and surplus were Rs 7.76 crores on a relatively low equity base of Rs 1.20 crores. With this year's turnover (12 months) expected to hit Rs 50 crores, Thiru Arooran and Tyagarajan are obviously sitting pretty.

(Contributed by Sujoy Gupta, Ashoke Laha, Shashi Shekhar, N. Raghavan & Vinay Kamath.)

PEICO: MILES TO GO

A chip off the old block. The cliched phrase aptly suits Peico Electronics & Electricals Ltd (formerly Philips India). Just as its Dutch parent (Philips NV) grapples with dipping revenues and diving investor morale, Peico too is gasping for breath. But, in a dubious turnaround, it has stuck its neck out of the red in the year to 31 March 1990.


BERGVELT HAS ACHIEVED HIS SHORT-TERM OBJECTIVE

The much-awaited results for the year show a post-tax profit of Rs 1.92 crores on a gross revenue of Rs 421.97 crores, just enough to enable chief executive Jan Bergvelt to keep his word: last year he had promised to take Peico "at least to a no-profit-no-loss situation" by March 1990. While gross turnover has risen by 2.96% on an annualised basis, a gross loss of Rs 8.27 crores in the year ended March 1989 has been turned into a gross profit of Rs 13.12 crores. Consequently, the net loss of Rs 17 crores has been transformed into a positive bottomline of Rs 1.92 crores. Observes Bergvelt: "We have achieved the short-term objective of returning to profitability."

Closer look. But there is a catch. A closer look at the numbers shows that the bottomline gained Rs 13.26 crores from the sale of property — the showshop at Churchgate and four swanky flats in the heart of Bombay — and written back investment allowance. This was what enabled the company to absorb the additional charge of Rs 12.50 crores towards its employees' voluntary separation scheme and make provisions for past gratuity dues.

'If that's a turnaround, crows are white. Not surprisingly, Bergvelt isn't crowing. His next focus area, he says, is to "reduce our borrowings and widen our equity, as we are still uneasy about the overborrowed position." The 1989-90 results show a reduction of Rs 20 crores in working capital and another Rs 2.40 crores in short-term borrowings. Today, Peico's debt-equity ratio stands at 1.60:1 and the interest cost is 5.19% of the gross revenue. But obviously, the flab-shedding isn't enough. Bergvelt has thus set himself another target — earn a pre-tax profit of 3.5% on gross revenue as against the current 1.60%. Says he: "Earning this pre-tax profit should make us self-sufficient (in funding)."

But to reach that stage, Peico's current finances have to be put in order: the extra flab in unproductive loans has to be slashed and the management of accounts receivables needs finetuning. There was, in fact, a deterioration in 1989-90, with debtors' dues higher at Rs 64.76 crores as on 31 March 1990 (Rs 52.30 crores — annualised — as on 31 March 1989). Besides, the average turnaround time of trade debt lengthened marginally. Agrees Bergvelt: "We should aim at better resources management in all areas."

Pepping up the operational efficiency of all divisions, and particularly of consumer electronics, will be Bergvelt's next crucial task. The division's contribution to each rupee of turnover has risen from 47.98 paise to 48.13 but that is little cause for solace. It is here that the damage to Peico's business has been severe, largely inflicted by the local johnnies-come-lately. Among them: Videocon and BPL. Bergvelt feels that quality holds the key to growth in this area. "With the continuity of supplies of quality inputs not assured here in India, Peico is attempting to identify international component supply centres," he says.

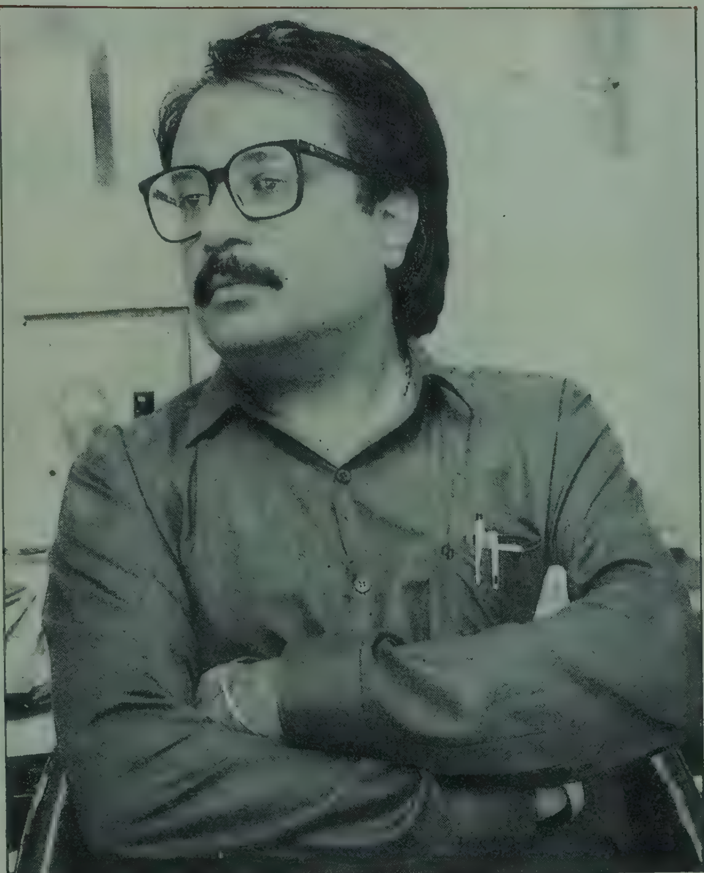
Within the sphere of consumer electronics, however, it is the video end — i.e. television sets — that is giving Peico its severe tummyache. During 1989-90, Peico's revenues from the TV division have, in fact, slipped from an annualised Rs 21.45 crores for the period ended 31 March 1989 to Rs 14.72 crores. While the company holds a licence to make one lakh TV sets annually at its Salt Lake factory in Calcutta, it could sell only 35,000 of them in the year to 31 March 1990.

THE SALT LAKE FACTORY: A MAJOR DRAIN ON PEICO'S RESOURCES

The factory has been Peico's major revenue-drainer and Bergvelt admits as much. "Peico is making a loss of Rs 20 lakhs per month from the Salt Lake

unit." But he has no plans to dump the unit. "Salt Lake remains the focal point of our colour television activity and every effort is underway to improve capacity utilisation," says Bergvelt.

To achieve this, Bergvelt is looking for help. He is cagey about details, but makes no bones about the fact that the search is on for a suitable strategic alliance with an Indian business house. "Sharing the Salt Lake facility (with an Indian partner) is an open issue," he says. Such an alliance was in the air last year and among the names whispered then were the Goenkas, the Mallyas and the Dhoots of Videocon. The Tatas' Nelco is the latest addition to the list of suitors. Will the Tatas jump in where others feared to tread? If they do, it could prove to be a synergistic alliance between Peico and Nelco (also a TV manufacturer).


MEHTA IS CUT UP ABOUT THE WASTE OF FUNDS

Divisionalisation. Bergvelt, meanwhile, is "earnestly pursuing divisionalisation to make the organisation slim and identify accountabilities." Labour could, however, thwart all plans unless handled gingerly. Thanks to a weak management, the unions have to date called the shots and bullied the top brass. The result: low productivity, worsening industrial relations and a lot of bad blood.

Union members, of course, hold the management responsible for the company's current mess. The Philips Employees' Union (PEU) maintains that there has been no turnaround and has offered to buy the 39.70% holding of Philips NV in Peico if the former decides to pull out. "We are not in favour of any strategic alliance (with any Indian group) and have communicated our desire to buy that (Philips') holding at the prevailing market price," says Kiron Mehta, PEU president.

Mehta's argument that Peico can be turned around and the Salt Lake unit made profitable without any external alliance or assistance perhaps draws sustenance from the labour-initiated recovery at Kamani Tubes. But he cites an instance concerning Peico itself — the welding division at Kalwa (a Bombay suburb) which was sold to Esab India — to prove his point about poor management. Says Mehta: "Despite the Peico management's flair for creativity in accounting, they could not do anything about it (i.e. the welding unit). The Kalwa welding division started earning profits in October 1988, within three months of Esab's takeover."

Mehta and the union, who are 2% stakeholders in Peico, are cut up about what they call "the colossal waste of resources" in the company. Stemming this wastage was precisely the mission that brought Bergvelt to Peico. He wielded the surgeon's scalpel and administered the voluntary separation scheme for employees. The results, however, are nothing to rave about. Despite the company's claim that the payroll has been trimmed by 10%, the wage bill hasn't changed much at Rs 55.93 crores and the union is roiled over the way most management staff were compelled to opt for separation. Says Mehta: "It was not voluntary in any sense."

Accounting acrobatics accompanied the separation scheme. The company's total liability on the voluntary separation account works to about Rs 15 crores. Of this Rs 0.60 crores was charged against the profits of 1988-89 and the charge for 1989-90 is Rs 5.44 crores. The balance liability of Rs 8.89 crores will be apportioned over a period of another six years from now. The latter amount now appears as a deferred revenue expenditure, disguised for the eyes of a layman as an asset. While there is nothing wrong in this kind of accounting treatment, what is odd is the clubbing of gratuity and leave encashments with the separation instalments and spreading the entire sum over seven years. "This has also contributed in some way to the turnaround," says Mehta.

Bergvelt is unfazed and is, in fact, quite happy with the success of the scheme. Says he: "A decade ago Peico had 8,451 employees when the turnover was Rs 103 crores, just about a quarter of what has been achieved now. Peico's workforce now is 8,095-strong and this gives a turnover of Rs 52 lakhs per employee as against Rs 12 lakhs earlier."

But crucial to Peico's turnaround ultimately will be the handling of the bread-and-butter areas of lighting and consumer electronics, including the sick Salt Lake unit. Its consumer electronics division could do with greater consumer orientation, as its rivals Videocon and RPL have done profitably.

■ *A.H. Ghani*

PEICO'S RESULTS

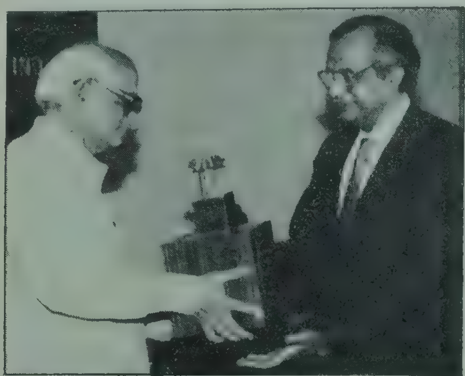
(Rs crores)

	12 months ended 31 Mar 90	15 months ended 31 Mar 89
Gross revenue	421.97	512.28
Gross profit	13.12	(8.27)
Profit after tax	1.92	(17.00)
Equity capital	33.32	33.32
Reserves	39.52	39.96
Gross profit margin (%)	3.10	(1.61)
Return on net worth (%)	2.64	(18.56)*
Dividend (%)	10.00	—
Earning per share (Rs)	0.58	(4.08)*
Book value per share (Rs)	21.86	21.99

Note: Figures in brackets indicate loss.
* annualised.
Source: annual reports.

AWARDED

■ **Finolex Cables** bagged *The Economic Times* and **Harvard Business School Association of India's**



FINOLEX CABLES CMD P.P. CHHABRIA (R) RECEIVING THE AWARD

Best Private Sector Mini Giant Award for excellence in the private corporate sector for the year 1988-89.

■ **Garware Paints** won the Arch of Europe Gold Star award from **Business Initiative Directions** (BID) of Texas, USA, for its professionalism and performance.

■ **Godavari Fertilizers** received the Council for Industrial Trade Development's award for 1989 for being an enterprising fertiliser company.

LAUNCHED

■ Operations Research Group (**ORG**) has launched a national ORG academy to organise seminars, workshops, debates etc. These will bring together senior-level marketers.

AGREEMENTS

■ **DHL**, the international air courier company, has reached an agreement with Japan Air Lines, Lufthansa Airlines and the Japanese trading company, Nissho Iwai, whereby they will each acquire a minority stake in DHL International and Middlestown Ltd.

■ **ITDC** (India Tourism Development Corp) and **GEBR Heinemann** Hamburg, an organisation specialising in duty-free trade, have signed an agreement whereby the latter will advise ITDC on computerised operating systems, buying preferences of international travellers, etc.

NEWS BRIEFS

■ **Tribeni Tissues** is seeking approval of its shareholders for doubling its **borrowing limit** to Rs 50 crores in view of the capacity expansion and technology upgradation programmes.

■ Steel Authority of India Ltd (**Sail**) will float **global tenders** for the second phase modernisation of the Rourkela steel plant by issuing notices for the enlistment of potential bidders, both Indian and foreign.

■ Bharat Heavy Electricals Ltd (**Bhel**) has bagged a Rs 125 crore order for setting up the sixth unit of 120 mw for **Nalco's** 720 mw capacity captive power plant at Angul.

■ Hindustan Copper Ltd (**HCL**) proposes to invest Rs 260 crores during the eighth plan for the **modernisation** and **expansion** of the Khetri copper complex.

■ **Jay Shree Tea & Industries** proposes to sell two of its units — the chemical factory at Unnao in Uttar Pradesh and the plywood factory at Mariani in Assam — because of their unsatisfactory performance for a long time.

■ The **TVS** group and a leading West German company have floated a Rs 1.50 crore **joint venture** for the manufacture and distribution of life-saving products in the field of orthopaedics and traumatology.

■ **Siemens** is planning to enter the fields of software exports and manufacture of fax machines, super minicomputers and automatic exchanges through its subsidiary and associate companies.

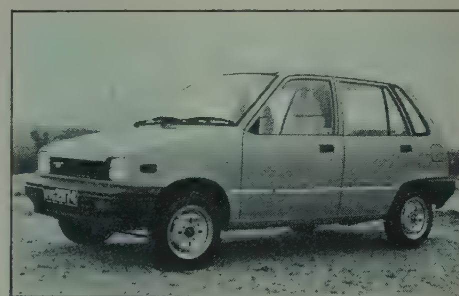
■ **Engineers India Ltd** (EIL) has signed four new agreements in Abu Dhabi and Bahrain. It has signed one with the Abu Dhabi Co and three with the Bahrain National Oil Co.

■ The Oil and Natural Gas Commission (**ONGC**) is to suspend its offshore exploration activities in the Bay of Bengal in view of unsatisfactory drilling results so far.

■ **Chloride Industries Ltd** (CIL) is to restructure its equity holding pattern in order to come out of the Fera ambit. This is necessary if CIL is to get approval for undertaking a Rs 300 crore polyvinyl chloride (PVC) resin project in West Bengal.

■ The ABB (**Asea Brown Boveri**) group is exploring the possibility of setting up facilities in India to manufacture gas and steam turbines for power generation.

■ Suzuki Motors of Japan has decided to vacate the European



markets for small cars in favour of **Maruti Udyog** from 1992 onwards.

■ The Union ministry of chemicals and petroleum has made a claim of Rs 23 crores on **Hoechst India** towards the drug price equalisation account (DPEA) through three notices. Consequently, the company has decided to gradually reduce its presence in pharmaceuticals.

■ The National Dairy Development Board (**NDDB**) has sought government permission to import edible oils directly from world markets to support its market intervention operations.

■ Telecommunication Consultants India Ltd (**TCIL**) has signed a contract of 0.91 million Kuwaiti dinars with the Kuwaiti ministry of communications to look after the maintenance and operation of telephone installations.

■ **Lipton India** is developing new products in the food and beverages areas with emphasis on those based on milk and agricultural produce.

■ BPL-Sanyo Technologies (**BST**) is to expand its plant capacities in Kerala and set up a 100% export-oriented unit (**EOU**) in Bangalore for manufacture of radio cassette recorders.

LAPTOP COMPUTERS

UNLAPPED POTENTIAL

Overseas, they're to be found in many an executive's lap. But in India, laptop computers are still lap-shy.

The reasons? For starters, no one has really tried to hawk these miniaturised portable number-crunchers aggressively. Says B.B. Modi, director of occasional laptop vendor, the Bombay-based Modi Peripherals Pvt Ltd: "Nobody's really made a concerted marketing effort in the country. In fact, vendors have yet to totally exploit even the computer industry's cream, i.e. personal computers."

B.V.R. Mohan Reddy, managing director of the Hyderabad-based workstation specialist OMC Computers, agrees, but adds: "The heated competition abroad forces executives to work overtime on laptops at home, on flights or on the way to work. This is not something Indian executives have to face yet." Observes K.K. Singh, the chairman and managing director of Bombay-based Rolta Computers Pvt Ltd: "Sadly, the (competitive) culture is lacking in the country."

> **Awareness about the advantages of laptops is very low**
>
> P. Venkatanarayana
> Managing Director
> *Pac Computers Pvt Ltd*

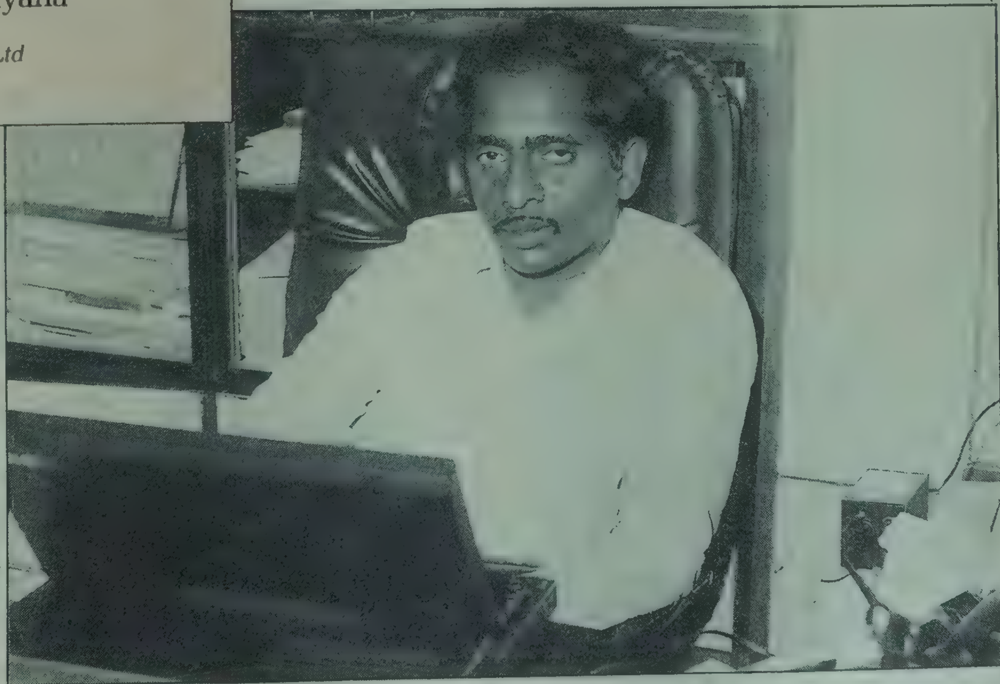
Two-bit players. Little wonder then that laptop vendors have failed to make a breakthrough. Not for want of trying though. And one company among the host of two-bit players which has been trying is the Bombay-based Pac Computers Pvt Ltd. Pac, according to managing director P. Venkatanarayana, has managed to sell nearly 150 machines in the two-and-a-half years since it toggled up a marketing arrangement with American laptop maker Bondwell Corp's Hongkong-based manufacturing unit. Says Venkatanarayana: "Awareness about the advantages of laptops is very low. And most people make the mistake of comparing them with desktops." Nevertheless, Venkatanarayana is gearing up his efforts and setting up a sales team for institutional selling.

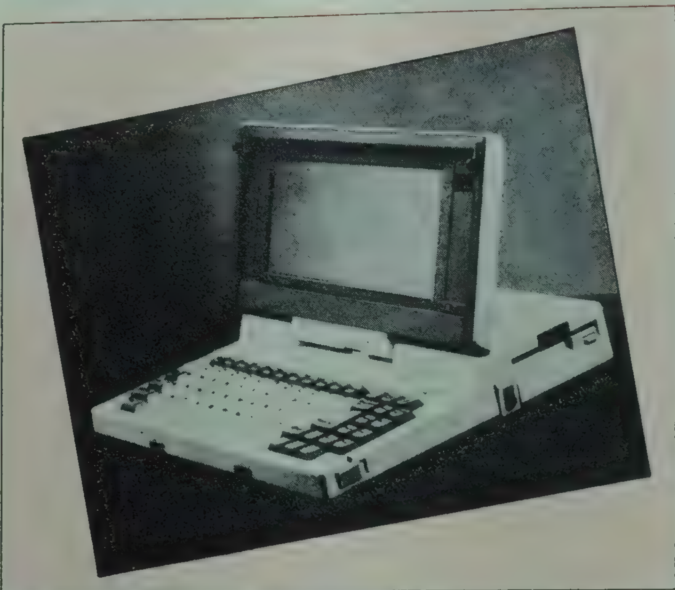
Another company which entered the first lap recently is the Bombay-based Lucky Computers, which gets its machines from a Taiwan-based original equipment manufacturer (OEM) for Toshiba. And since then it's been good business for the company, which has managed to peddle 40 machines since March 1990.

Laptops are basically personal computers (PCs) which have been miniaturised to an extent where they can be opened and shut like large notebooks and lugged around like small briefcases. Like PCs, they have a floppy disk drive (FDD), an optional hard disk drive (HDD), and a built-in modem. And their weight varies from a comfy 3.8 kg to a slightly heavy 7 kg. They differ from desktops in that they don't need a plug point: they can function on rechargeable nickel-cadmium (Ni-Cad) batteries and they have liquid crystal display (LCD) monitors (similar to a calculator's display). "But they are clear enough to allow quick reading," says Venkatanarayana. His company offers a backlit model which, according to Venkatanarayana, is "even more easy on the eye."

Pac's laptops are priced in a range from Rs 40,000 (for a basic PC with 640Kb of random access memory — (Ram) — and two 360Kb FDDs) to a skyhigh Rs 1.10 lakh. The latter price fetches an i286-based machine with a 40Mb HDD, a 3.5-inch 1.44Mb FDD, a backlit LCD, an 81-key keyboard and a rechargeable removable Ni-Cad battery pack. The thickness of the laptop when shut: a slender 2.2 inches. The weight: 3.8 kg. "The Ni-Cad battery allows the laptop to be used anywhere, unlike Lucky's which needs to be plugged into a socket," says Venkatanarayana.

Different route. Lucky Computers has taken a different route. Instead of the LCD format, it is offering two models with gas plasma displays which are supposed to have "even better clarity," according to Ashok Pande, the marketing executive in charge of laptops at Lucky. The price for Lucky's laptop: a steep Rs 90,000 for an Intel i286-based machine with a 20Mb/40Mb hard disk, a built-in 3.5-inch 1.44Mb floppy drive, an 81/82-key keyboard, and 1Mb of Ram.





PAC's SUPERSLIM LAPTOP P 200 COMPUTER

And that's exactly where the problem lies: high price. A desktop from ET&T's low-priced computer range will, on the other hand, set a buyer back by only about Rs 25,000. And Bombay-based Zenith Computers has started hawking its PC-ATs below Rs 40,000. High prices have already led to one corpse being left on the wayside; that of Best & Crompton's laptop division, Three C Systems Ltd, which has stopped operations. Says Singh of Rolta Computers, "Prices will have to come down for the market to grow." Adds Venkatanarayana of Pac: "That means a lot of shouting about the advantages of laptops over desktops, and the convenience they offer."

Venkatanarayana throws in a few samples: An accountant, says he, can lug a single laptop with the entire office accounts loaded onto the HDD to the income tax office instead of carrying dozens of files with various entries. Or the chief executive of a small company can keep up with his company's operations by studying daily or weekly reports, transferred on to his laptop by his executives, at home. " Besides, it can be used for various outdoor applications like analysis of performance data of equipment," says Venkatanarayana. In fact that's exactly what Bhel and the defence forces are using Pac's laptops for. Venkatanarayana's client list is vast: Indian Oil Corp, Godfrey Phillips, Reliance Industries, L&T and Hindustan Lever, among others.

Murky area. "With an estimated installed base of about 1,000 laptops and a market size of only Rs 8 crores, a lot of work has still to be done," admits Venkatanarayana. And that includes the indigenisation front, since imports are a murky area. "There's a lot of underhand dealing in laptop imports," says Modi of Modi Peripherals. "While the country's import policy clearly stipulates that fully-assembled computer systems (which obviously include laptops) cannot be imported, some manufacturers and agents are clearly taking advantage of legal loopholes and getting the machines in in a fully-assembled condition," says Singh of Rolta Computers.

Agrees Venkatanarayana: "There's no other choice because of the government's skewed policies. Everyone in computers is taking advantage of legal loopholes. However, my imports are within the law and I have the documents to prove that, unlike the others who are smuggling in about 50 machines into the country each year."

Not surprisingly, manufacturers are cagey about their production capabilities. When this correspondent questioned Lucky Computer's representative (a partner in the company — B. Kumar) on what basis laptops could be brought into the country, he immediately terminated the interview. But prior to that his marketing executive had already mentioned that the laptops were coming in fully assembled in a packed condition, and being sold just like that.

Venkatanarayana, however, insists he has managed to get some indigenisation ("at least 10-15%," says he) into his systems, thanks to his existing facilities for desktop computers. Indigenisation or not, the Indian laptop makers clearly have a lot of laps to run before they come out on top.

■ *Anil Wanvari*

SUPER 301

US CLIMBDOWN

It was like coming downhill without touching the peak. On 14 June, when US trade representative Carla Hills let India off the Super 301 hook, not many were surprised; for, it was expected. The first indication came in May when US president George Bush, while accepting the credentials of new Indian ambassador Abid Hussain, said, "India is clearly moving towards greater liberalisation. We hope that the process continues at an even more rapid pace." Clearly, that statement must have stolen the thunder from Hills who was threatening to invoke retaliatory measures under Super 301 after 14 June.

The ostensible reason given by Hills for deciding to defer the Super 301 review was that the time was not opportune given the ongoing negotiations on services and investments in the Uruguay Round of the General Agreement on Trade and Tariffs (Gatt). Hills' earlier vehemence against India's insurance and investment practices softened a great deal. "Our message that foreign investment brings jobs, technology and prosperity may be getting through," said Hills. "I hope this attitude will be reflected in India's approach to these issues in the Uruguay Round."

New lingo. But the real message is that Super 301 has become a non-issue and the focus of attention now is the Uruguay Round. The US, which till now wanted to browbeat the countries it considered unfair trade partners through bilateral instruments, is now suddenly speaking a new lingo — the lingo of multilateralism. It is training its sights on the December round of Gatt in the expectation that India will finally give in on the key issues. It has every reason to hope for the best. For, India too has expressed its desire to settle the differences in a multilateral forum. When commerce minister Arun Nehru declared that India "cannot enter into bilateral negotiations under the threat of retaliation," the implicit message was that negotiations would be possible only in multilateral fora.

Adding to the US happiness is the new Indian industrial policy, which

has deregulated industry to a great extent and exempted foreign investment upto 40% equity from government approval. Also welcome has been the government's offer to cut tariffs by 30%. However, quite a few feel it has just helped to create an atmosphere and is definitely not the factor responsible for the climbdown on the part of the US. According to them, the primary objective of the US seems to be to create an amicable atmosphere where some of their objectives can be achieved in the Uruguay Round.

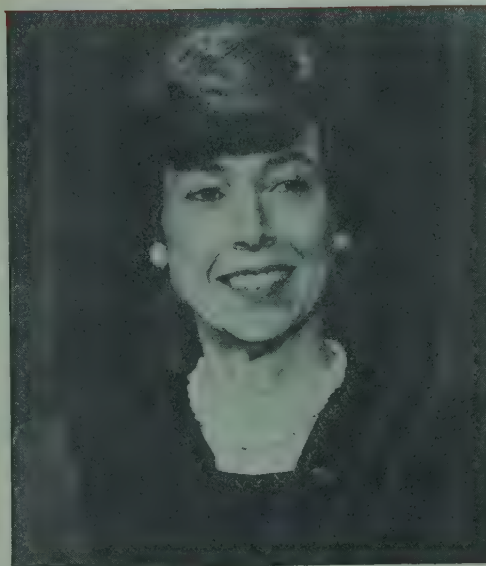
The Indian government too seems to be playing ball. After the US decision on Super 301, India has reciprocated by making friendlier noises. Prime minister V.P. Singh's assurance at the recent National Development Council meet about allowing more foreign investment in the country and his plan to do away with controls and regulations should have sounded sweet music to US ears.

To warm up things before the Uruguay Round, US government officials are having informal parleys with the key officials in North Block. Also, the appointment of Abid Hussain, a pro-liberalisation idealogue, as Indian ambassador to the US, is seen as a positive development. Hussain is expected to play a major role in repairing the somewhat fractured trade relations between the countries.

US companies have been doing their bit to help. For instance, Citibank was the first to speak out on Super 301 last July. So much so that Citicorp issued an advertisement in the local media last year which said "on balance, India is a fair and rewarding business environment."

Playing the same tune was PepsiCo International of the US. In a letter to Hills this May, PepsiCo president Christopher Sinclair wrote that the creation of the joint venture between the company and its public and private partners in India was an "important development which signalled a positive attitude by the India government with potentially significant implications for other US companies wishing to invest and distribute their products in India. Given the progress of the Pepsi project, and what we believe it portends for future US-India business initiatives, we hope that our government will not have to take any actions under the Super 301 process."

Reiterating its earlier stance, Citicorp sent another brief to Hills a fortnight back welcoming the US decision. Wrote Howell: "We (Citicorp) continue to stand by our statement." Significantly, the Citicorp letter lauded the Indian government's "genuine efforts" to confront the "awesome challenges in developing the Indian economy." It also made a reference to "the general directional movement towards liberalisation." Citicorp urged the US government to recognise that "at this crucial juncture, India and its people deserve a degree of understanding."


HILLS BACKED OFF

Moot question. So Super 301 is no longer a looming threat. But the moot question: Will the Uruguay Round be the forum where all the differences between the two countries will be sorted out and a new Indo-US trade pact will be signed? Both US and India do not seem to be expecting any major breakthroughs in the Gatt round. "One cannot expect everything to happen overnight," says a source in the commerce ministry. "Some of them will remain as bilateral problems even after the Uruguay Round."

Where do the main differences arise? The Indian insurance market, for instance, which is a no-go area. Hills said the US interest in opening the Indian insurance market remains strong. "A healthy, diverse financial services infrastructure complements India's drive for accelerated economic growth," said Hills. "The US insurance companies have a lot to offer. India cannot expect to continue to expand its services exports while denying fair and equitable market access to its trading partners."

But the chances that India will concede on this are remote, according to sources in industry and government. And even if it does, the US is unlikely to become a major player. Says an expert: "Chances are that the US would not take a major share of the market if given an opportunity to enter the insurance sector. US companies would prefer to enter specialised insurance niches like credit and software insurance."

So, what are the areas where breakthroughs can be expected by both countries at the Uruguay Round? According to informed sources, negotiable areas are going to be textiles, agriculture and tropical products. Outgoing Ficci president Raunaq Singh expects a breakthrough in intellectual property rights and patent laws. Singh, incidentally, was among the representatives of Indian industry who wrote to Hills urging her not to take any retaliatory action against India.

But the process of Super 301 has only been deferred. Does that mean it can still be used as a threat? A highly placed source says that the Uruguay Round, instead of ending in December this year, might get extended till February next year. By that time the Super 301 provisions on India would have expired since the tenure of the provisions is two years. (Super 301 was invoked against India in 1988.) This means that in case the US wants to retaliate against India it will have to do so under other trade laws. S.301 could be one of them. Hills has said that if necessary a post-Uruguay Round review will determine whether action under s.301 is warranted. Says an expert on Indo-US trade: "The US invoked Super 301 under pressure from the Congress. The Congress was pressuring the administration to pass other contentious laws. Super 301 was the lesser of the other evils. So, the government passed it as a measure to stave off the pressure. So, in actuality, Super 301 was not aimed at India, Brazil or Japan but at the US administration."

Possible. But the other side could be equally true. As an expert says, "the intention has been to use Super 301 not as much to punish India for being an unfair trade partner as to force India to soften its rigid stand at the Uruguay Round of Gatt." Come December and one will know how much effect it has had.

■ *Srinivas Vijay*

NEWS BRIEFS

■ Due to the political changes in Europe, the **tobacco** industry has achieved a 30% increase in 1989-90 in its **exports** over 1988-89. There are indications of a further, 10-15% jump this year, according to P.S.H. Prasada Rao, president of the Indian Tobacco Association.

■ The **electronics** industry in the country is expected to reach a **production** target of Rs 11,950 crores in 1990-91 against Rs 7,030 crores recorded last year, according to official sources.

■ **Tea output** has gone up in the first four months of the current year by 25.94 million kg over the last year's output in the comparable period.

■ The government has introduced 12 **modifications** in the **Exim policy** following suggestions from trade and industry. According to commerce minister Arun Nehru, the threshold limit for export house recognition has been reduced to Rs 4 crores from the present Rs 5 crores in net foreign exchange terms.

■ An additional investment of Rs 45,000 crores will be required to complete 331 **public sector projects** which were in the pipeline during the January-March 1990 quarter.

■ According to an official press release, the government has denotified **silver bullion** and **coins** from the special provisions in force till now.

■ The Central government has liberalised the **leave travel concession** (LTC) rules in respect of husband-wife couples in government service.

■ The government has liberalised the policy governing import of **life-saving equipment** and **spares.**

■ The Union government is working out a detailed **policy** for export of **raw jute**. The move comes in the wake of the envisaged bumper crop which is expected to be around 90-95 lakh bales.

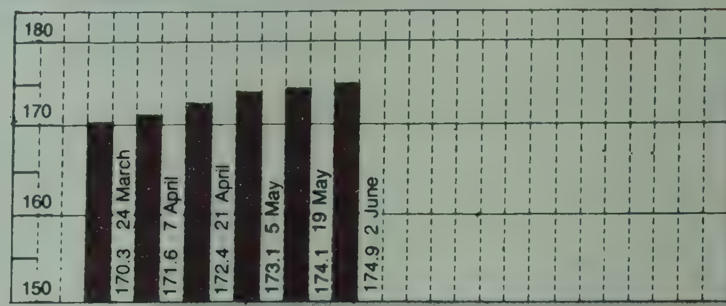
■ The total capital expenditure to be incurred by the **private sector** during 1990 has been placed at Rs 14,000 crores, according to a study published in the RBI bulletin this year.

■ The government increased the import replenishment rate from 5% to 15% on exports of **marine products..**

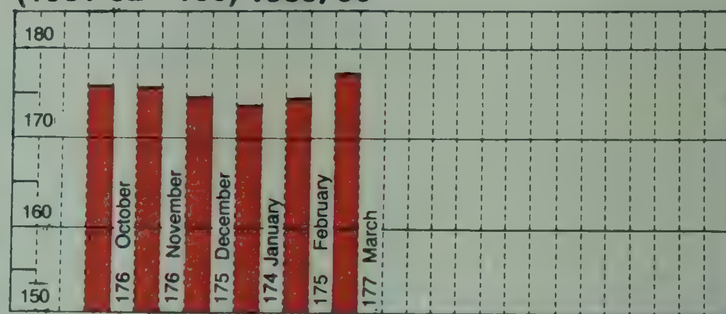
■ The **Maharashtra** government has taken the lead in deciding to implement the Centre's scheme to waive off loans up to Rs 10,000 of farmers, rural artisans etc.

Foreign Exchange Rates (Spot) 1990	18 June (Rs)
One P Sterling	29.80
One US Dollar	17.38
One D Mark	10.31
One hundred J.Yen	11.30
One Saudi Riyal	4.73
One Kuwaiti Dinar	60.66

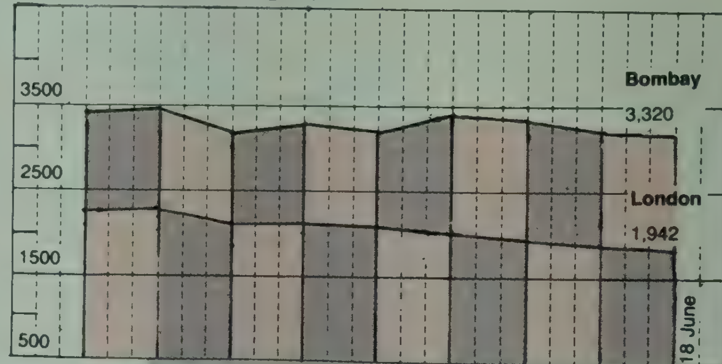
Wholesale Price Index (1981-82=100) 1990



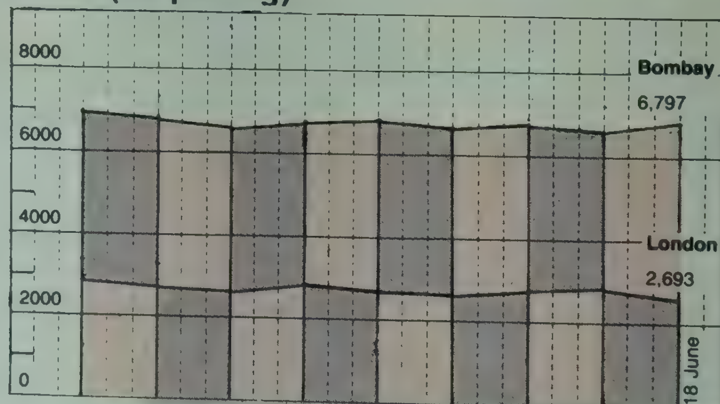
Consumer Price Index for Industrial Workers (1981-82=100) 1989/90



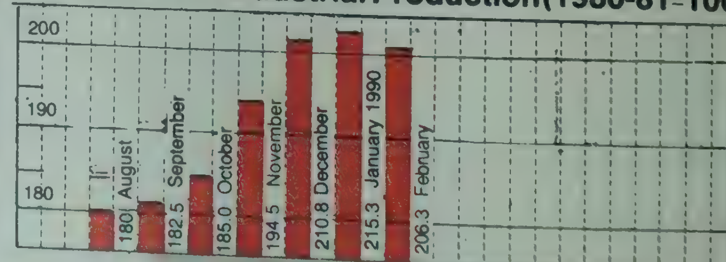
Gold (Rs per 10 gm)



Silver (Rs per kg)



CSO Index of Industrial Production(1980-81=100)



SWEEPING CHANGES UNDERFOOT

It is a floor show which has suddenly burst into sparkling variety: in the past five years the flooring industry has witnessed sweeping changes. And the options available have increased dramatically. From plain cement flooring and cement mosaic tiles, today's menu includes ceramic tiles, PVC (polyvinyl chloride) tiles and PVC flooring. Newer products are entering the fray. Two companies are all set to manufacture agglomerated marble while another will introduce PVC quartz flooring material.

In spite of the new offerings doing well in the market and companies like Spartek Ceramics making a major splash, they have not been able to dislodge the market leader in the Rs 500 crore flooring industry — cement mosaic tiles. What's more, they seem unlikely to be able to do so in the near future. "We do not see our marketshare going down in spite of new competition coming in," says Pawan Talwar, chief executive of Nitco Tiles, the largest cement tiles manufacturer in the country.

BATTLE FOR SURVIVAL

But the newcomers think otherwise. True, for them it is not a battle for survival — sufficient demand exists; and they don't really feel they are poaching on the cement tile preserve. "Essentially, we have been creating a market," says Spartek Ceramics managing director Krishnaprasad Tripuraneni. "The more development we do, the bigger the market for (ceramic) tiles."

But with the new players entering the arena with new products, everyone will have to limber up. This is more so because the recent entrants have high-investment projects and need volumes while the cement tile manufacturers are largely small outfits in the unorganised sector.

Currently getting into high gear are ceramic tiles. With reason. Spartek may have sparked it off but now several others like Regency, Bell, Kajaria and Murudeshwar have entered the fray.

India did have ceramic tile production capacity prior to 1985, but most of it was for wall tiles. Spartek brought about a revolution with a new single firing technology reducing the production cost by almost half. The delicensing of ceramic tiles in 1985 and the marketing success of Spartek, prompted the others to take the plunge. As a result, installed capacity jumped nearly three times in the past five years — from 1.28 lakh tonnes in 1985 to 3.25 lakh tonnes in 1990. Production in the same period zoomed from 1 lakh tonnes to 2.70 lakh tonnes. Does it mean that there will be no stopping ceramics?

KAJARIA CERAMICS PLANT & INSET: KAJARIA

No, feel industry sources. "I think that about 75% of ceramic tile production in the country is used only in bathrooms and kitchens, though most of it is claimed as flooring tiles," says V.N. Bhatia, regional manager of H&R Johnson, one of the oldest tile manufacturers in the country. Agrees Talwar of Nitco: "Tile manufacturers are trying to bring the bathroom into the living room, which is not possible." But, he adds, "there exists a healthy demand for ceramic tiles to keep the existing capacity busy."

Doubts have been raised about ceramic tiles becoming a popular flooring medium in India. Says Talwar: "Ceramic tiles are all right for advanced countries where atmospheric conditions are better and more controlled. Here with so much dust, specially in the northern part of the country, ceramic tiles have a disadvantage. Being smaller in size, there are a lot of thick joints in between two tiles because of the round and bevelled edges. This makes floors ugly and unhygenic." Says Mukesh Pahwa, marketing officer of Royal Cushion Vinyl Products, manufacturer of vinyl flooring: "Not only does the glaze of ceramic tiles wear off in two to three years, but they are also slippery and prone to scratch."

R.P. Ganguly, regional manager of Bhor Industries, manufacturers of PVC flooring material, is also not sure of ceramic tiles as an ideal flooring material. "Ceramic flooring in offices would look unsoothing to the eyes," he says. Adds Bhatia of H&R Johnson: "The reason why ceramic tiles are not a major hit in flooring is the general feeling that they will break under tough usage. It will take time to overcome this feeling." Another reason according to him is the poor quality of flooring tiles being manufactured despite all the claims of state-of-the-art technology and modern plants.

Ceramic tile producers, however, do not feel that these charges hold much water. "Yes, the gaps between joints is a disadvantage, but we have started manufacturing bigger sizes to overcome this problem," says Ashok

We've encouraged to take a little coffee having a lot of steel tubes and wires

As foreign exchange is a big crunch in India and earning hard currency through exports a national priority, in 1983-84, an eighty year old pioneer decided to move into a field in which it had no major experience.

Six years later, Tata Steel is one of the country's largest exporters with major markets in the USA, Japan, Australia and China and with significant entries into Saudi Arabia, Qatar, Egypt, Turkey, West Germany, Bangladesh, Taiwan, Indonesia, Malaysia and other countries. And, in spite of importing a substantial amount of

the Americans while

equipment and raw materials for its on-going modernisation drive, Tata Steel has become a nett exporter. In 1988-89, Tata Steel won the prestigious EEPC shield.

The decade of 90s is the Decade of Exports at Tata Steel. And the pioneer is spreading all its expertise and experience across the seas to build a long term base for Indian products — all over the world.

Tata Steel Exports:

Steel and Steel-based engineering products	Wire rods, re-inforcing bars, structurals, tubes, wires, bars, cranes, rolls, bearings, etc.
Raw Materials	- Chrome ore & concentrates, manganese ore, ferro-manganese, ferro-chrome, charge chrome, refractories, granite, etc
Commodities	- Black pepper, coffee, black tiger shrimps

The Chief Marketing Manager, Exports, making a presentation to American buyers

TATA STEEL
DECADE OF EXPORTS
1990 2000

TATA STEEL
The first and still the foremost

THE OVERSEAS LURE

If there is not sufficient demand in the country, why not export, even if it is on a no-profit-no-loss basis? Then at least, with higher capacity utilisation, the per unit cost will come down. This is the route manufacturers of flooring material are currently thinking of taking. All the newcomers — PVC flooring producers and ceramic tile manufacturers — are eyeing the export market.

"The demand is tremendous, only drive is required," says Ashok Kajaria of Kajaria Ceramics. With expansion of capacity from 14,000 tonnes to 26,000 tonnes per annum, Kajaria plans on exporting 25% of his increased production. Incidentally, Regency Ceramics, which was originally set up as a 100% export-oriented unit but was later converted to a domestic unit, is reported to be exporting 40% of its production at present.

Big potential. And there exists a big potential to export marble too. Claims Pawan Talwar of Nitco, the only exporter of marble tiles in the country: "If given the right kind of encouragement, I can guarantee exports of marble worth Rs 100 crores every year within three years." Talwar has already signed export contracts for marble worth Rs 6 crores. "But with the handicaps I am facing, I doubt if we will be able to execute the contracts," says Talwar.

The problem for Talwar is that Rajasthan Mineral Development Corp does not allot land for mining to outside parties; all such land is reserved for local people for employment generation. "If the government allows us to mine, we can offer much more employment," he says. Secondly, as marble is treated as a "mineral" there are no export benefits such as tax exemption or cash compensatory support.

But if such problems are sorted out, feel manufacturers, the entire new generation flooring industry could emerge as a big foreign exchange earner.

Kajaria, managing director of Kajaria Ceramics. Commenting upon the other disadvantages he adds: "We have special tiles for busy areas, where the glaze does not wear off and there is no question of cracks under normal usage." Asks Vijay Vij, north zone manager of Spartek Ceramics: "If ceramic tiles had all these disadvantages then why are they selling well?" Elaborates Tripuraneni, "These are problems of perception but I think our advertising has taken care of that."

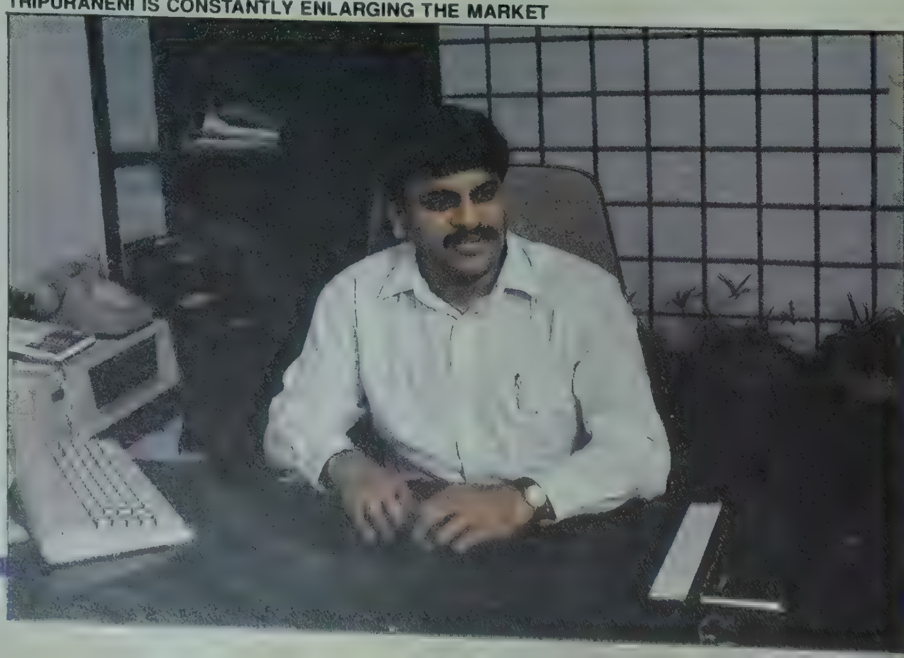
That's probably true as most ceramic tile plants are running overtime to meet the heavy demand. Kajaria Ceramics, which is presently running at 120% capacity utilisation, is in the process of increasing the installed capacity from 14,000 tonnes to 26,000 tonnes per annum, while Spartek hiked its capacity a year ago. Some other new entrants are also thinking in terms of increasing capacity once their units stabilise.

"The major handicap we are facing is the heavy excise duty to the tune of 52.5%. This has made the product too costly for popular use," comments Ashok Kajaria. With the rising demand and sales, the duties are also going up. The excise on ceramic tiles, which was 12% in 1985 was hiked to 30% in 1986 and further to 52.5% in 1988. Against this, other flooring material are subject to much lower duties. While excise on cement mosaic tiles is nil, the duty on polished marble is Rs 10 per sq m and 15% on polished granite tiles. "If the duty is lowered, ceramic tiles have unlimited potential considering the advantages they enjoy over other flooring material," comments Vij of Spartek.

True, high excise duty has outpriced ceramic tiles in the flooring industry. General cement flooring costs around Rs 5 per sq ft, the cost of cement mosaic tiles are around Rs 8 per sq ft, PVC tiles and flooring material costs from Rs 9 to Rs 25 per sq ft while ceramic tiles are between Rs 20 and Rs 30 per sq ft depending upon the quality. Nevertheless, according to industry sources, despite the higher prices, ceramic tiles have been able to get a healthy marketshare in the flooring industry. While cement tiles still account for around 65% of the total flooring industry, ceramics have a share of about 10%. The balance is accounted for by natural stone and carpets.

But if the high excise has not affected market penetration, it has resulted in poor bottomlines for the manufacturers. With increasing competition within the ceramic tile industry and also with other flooring material, ceramic tile manufacturers have not been able to hike product prices despite increasing input costs. As a result, the new entrants have been left with very little profit after providing for higher depreciation and interest outflow. Kajaria Ceramics, for instance, made a net profit of only Rs 75 lakhs on sales of over Rs 15 crores for the year 1989-90, on an equity base of Rs 7 crores.

TRIPURANENI IS CONSTANTLY ENLARGING THE MARKET



Against this, the profitability of older plants in ceramic tiles is much better as their project costs were much lower. While the project cost per tonne is just Rs 6,538 for Spartek, it is as high as Rs 10,760 for Murudeshwar and Rs 14,208 for Kajaria. And project costs for newer plants are much more. Against a total project cost of Rs 17 crores for Kajaria's 14,000

tonnes per annum plant, today a new plant of the same size costs nothing less than Rs 25 crores.

As far as the other new entrant in the flooring arena — PVC flooring material — is concerned, the profitability scenario is much the same. The three organised sector manufacturers — Bhor, Premier Vinyl and Royal — were all incurring losses till recently. Today, thanks to their export drive and better price realisation, all of them have turned the corner. But they don't seem to enjoy a large consumer preference. "We certainly have a disadvantage in residential houses, but in commercial premises our share is increasing," says R.P. Ganguly of Bhor.

"Only 10% of our sales goes for residential sector," he explains. "The balance is taken up by commercial floors. The problem is that when the construction (of residential premises) comes to the flooring stage, one generally exhausts his budget and compromises on floor quality, opting for cheaper material." Bhor, incidentally, is the only manufacturer of PVC flooring tiles in the country, with a turnover of around Rs 20 crores from flooring material sales.

TALWAR IS NOT WORRIED ABOUT HIS MARKETSHARE

AN EDGE

The company claims that it enjoys an edge over ceramic tiles. "PVC floor tiles offer advantages over ceramic tiles and our tiles are witnessing a growth rate of over 25% per annum. It is not only easier to clean but also looks better,"claims Ganguly.Besides, the life of the PVC tile is claimed to be comparable to that of ceramic tiles. A drawback with PVC floor tiles is that one has to get a good quality primary flooring done before placing PVC tiles and potential users often opt out at that stage for economic reasons.

PVC flooring material manufacturers are also sore about the high excise duty. Claims Rajesh Srivastava, a senior executive of Royal: "With excise duty of 31.5%, our product becomes costlier. The market is price sensitive and sales really pick up if we offer discounts. But as the profitability margins are quite low, we cannot lower our price much." The margins could be under further pressure with the entry of two new contenders — Shyam Vinyl and India Linoleum.

Meanwhile, in the mainline flooring area — cement mosaic tiles — the manufacturers are still sitting pretty. And everyone acknowledges its supremacy. "In no way can other flooring material replace cement tiles, the common man's flooring material," says Ashok Kajaria. There are about 1,500 small scale cement tile manufacturers spread all over the country, with Nitco being the only large company in the field with a turnover of around Rs 10 crores. The company has recently established a completely automated plant near Delhi, which is expected to double turnover and marketshare.

PRODUCT SUPERIORITY

Says Pawan Talwar of Nitco: "We lead not only because of our price advantage but also because of product superiority. The gap between our tiles is negligible, the colours and design patterns are unlimited, we have variable sizes, permanent colouring and reasonable prices." Nitco, with eight plants all over the country, claims to have supplied its products to many prestigious buildings in India and abroad.

Talwar does not see any problems even if the duty on ceramic tiles is lowered, making its price more competitive. "Ceramic tiles have their own market and even if the duty is lowered, it is no threat to us. If the prices of ceramic tiles come down, the demand from kitchens and bathrooms will be enough to take care of the existing capacities," comments he.

Neither is PVC flooring material expected to be a threat. The other flooring material — carpets and natural stones — are mainly patronised by high-class residential and commercial establishments, so the markets don't overlap. "The only change expected in the carpet industry is a shift from a low priced product to high valued carpets. The buyers of cheap carpets are expected to be lured away by ceramic producers," comments a source in the carpet industry.

As far as the other new materials are concerned, it is too soon to make predictions. So one can take their claims with a pinch of salt. Both Polar Marno Agglomerates and Kedia Agglomerated Marbles have high hopes. "This product will sweep the market," says Polar managing director Anil Aggarwal. "It will be a revolutionary product," adds Kedia president A.P. Kaushik. But that is yet to be proved in the marketplace.

Besides, production of synthetic carpets is also due to commence in the country. Further, another company, Pioneer Vinyl Tiles is setting up a plant for the manufacture of vinyl quartz tiles. The company claims it will bring "foreign floors to India" at a very competitive price of around Rs 5 per sq ft.

It is, in sum, going to be a whole new ballgame out there. As more and more contenders take to the floor, a shakeout is inevitable. As tiles acquire style, it is early days yet to say which variety will triumph and which will be floored.

■ *Shashi Shekhar*

EUROCOM'S EUROFLAVOUR

On one of the walls of Alain de Pouzilhac's office at Eurocom's headquarters in Paris hangs a picture frame containing a Bayern Munich football strip.

The strip belonged to Karl-Heinz Rummenigge, the star striker who played for West Germany against France at the world cup semi-final in Mexico four years ago. With eight minutes of the game to go, France was winning by three goals to one. De Pouzilhac, a football fanatic, was convinced that France would go through to the final. Rummenigge scored two goals in swift succession. The game went into extra time. And the West Germans won.

"I keep the strip to teach me to be humble," says de Pouzilhac. "Every time I look at it I think of Rummenigge scoring those goals and I remember that you cannot count on anything until it is completed — until the match is over, or the deal is signed."

France is out of the running for the world cup this time. But Alain de Pouzilhac, as chairman of Eurocom, one of the largest French advertising agencies, is engaged in an international competition of his own. Eurocom is one of the ambitious French agencies — along with Publicis, RSCG and Boulet Dru Dupuy Petit — now intent on becoming powerful players in the global market for marketing services.

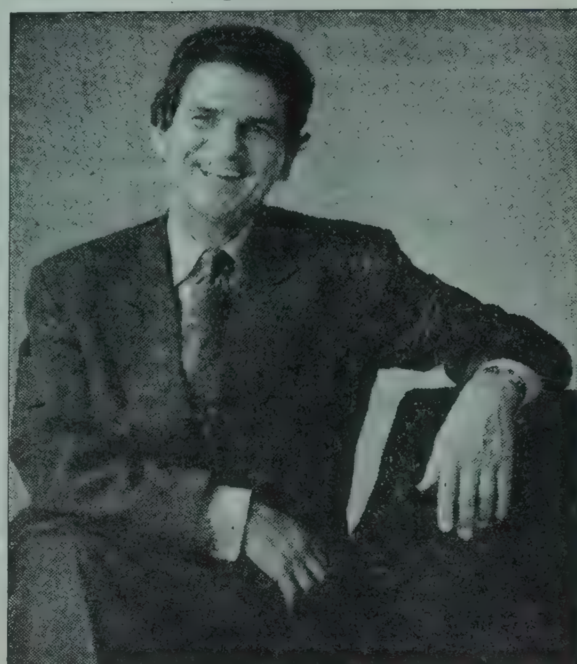
International interests. Eurocom has dominated French advertising for decades through Havas and Belier, its Paris-based agencies. Yet when de Pouzilhac became chairman in April last year its only interests outside France were its investment in HDM, the international network owned jointly with Dentsu of Japan and Young & Rubicam of the US, and a minority stake in WCRS, the advertising agencies then owned by Aegis, the London-based media group.

In the past year Eurocom has done a series of deals to increase its international interests. It has taken control of WCRS and is now integrating the agencies — Della Femina McNamee in the US and the Ball Partnership in Australia, as well as WCRS in the UK — with Belier to form the EWDB network. It has also acquired ABC, a public relations consultancy in West Germany.

Eurocom is now the world's sixth largest marketing services group with net income of FFr 161 million (Rs 50 crores;1FFr=Rs 3.10) on gross income of FFr 3.25 billion in 1989.

But it is still a fledgling force on the international scene. There are gaps in its advertising networks. HDM needs to strengthen its presence in the US. EWDB has problems in the US and the UK. And Eurocom still needs to expand its specialist marketing interests both in France and elsewhere in Europe.

"Until now the French agencies have been too parochial. We have thought only of France," says de Pouzilhac. "It is almost too late for us to build big international networks like the Americans. But the changes in the European market before 1992 have given us a chance to catch up."



POUZILHAC HAS GLOBAL PLANS

Over the next year de Pouzilhac hopes to have established Eurocom networks in public relations, direct marketing, design and sales promotion across Europe. He plans to establish mini-networks in specialist marketing to the five largest Eurocom agencies in France. He also proposes to fill the gaps in the EWDB network in the US and Europe.

Financing expansion. Eurocom, which recently sold some of its peripheral interests, such as a chain of supermarkets, intends to spend around FFr 100 million (Rs 31 crores) to create each of the four specialist marketing networks. It has arranged to borrow FFr 1.5 billion to finance its expansion in advertising.

De Pouzilhac is determined not to turn Eurocom into a replica of the established global marketing groups, like Saatchi & Saatchi, WPP and Omnicom. "What is the point of copying?" he says. He envisaged a group which is European in flavour with the different networks based in different countries.

Advertising will be run from France. Eurocom recently moved managerial control of EWDB from London to Paris where Pierre de Plas — who joined the group a year ago from DDB:Needham, one of Omnicom's agencies, as vice chairman — will act as its chief executive. "Our international clients, companies like BSN and L'Oreal, are based in France," says de Pouzilhac. "We need to be near them."

The public relations network will be run by ABC in West Germany. De Pouzilhac hopes to base the design network in London. Eurocom has been mooted as a prospective purchaser for Wolff Olins and the Michael Peters Group, two of the largest UK design consultancies. It is also in talks with direct marketing and sales promotion companies in Spain and Italy.

De Pouzilhac's strategy is to acquire large local companies, like ABC. These companies will then expand into other countries by starting up new companies and making acquisitions. The alternative would be to acquire readymade networks, such as Saatchi's specialist marketing consultancies. De Pouzilhac says he has "indicated an interest" in the Saatchi consultancies should they be put up for sale.

Eurocom also plans to strengthen its advertising interests. HDM, which is the world's 17th largest agency according to *Advertising Age*, is well established in Europe and Asia, but is weaker in the US. The three HDM partners will meet later this month to discuss the possibility of buying another agency in the US. Any acquisition would be coordinated by Young & Rubicam, the US partner, rather than Eurocom or Dentsu.

"HDM has been a big success, but we are not entirely happy with its performance in the US," says de Pouzilhac. "The US is the biggest single advertising market, but it represents only 10% of HDM's billings. We must

be bigger there."

Eurocom's chief challenge is to turn EWDB into a fully fledged international network. First it must resolve the problems of the existing businesses. The WCRS agencies lived through months of uncertainty last year while Eurocom was locked in negotiations with Aegis. The flagship London agency suffered a series of account losses and staff departures. The US business, particularly the Boston agency, also suffered.

De Pouzilhac says WCRS's problems in London have been solved. The London agency recently won a £20 million account for electricity privatisation in the UK. — *Financial Times*.

SHIPPING FREEDOM

It's clear seas for shipping down in Sri Lanka; at least on one count: on 1 January 1990, the country's minister of trade & shipping, A.R. Mansoor, announced that shippers were free to ship goods in vessels of their own choice. Earlier, the allocation of shipping space for cargo was in the hands of the Central Freight Bureau (CFB), a government outfit. Said Mansoor,"We have decided to liberalise the carriage of cargo in the hope that it will facilitate our export trade."

What made the government change its mind were the recommendations of the D.G. Jayalath committee which was set up to study the validity of the CFB's role. After consultations with shippers and shipping line agents, the Jayalath committee had concluded that the role of the CFB should be reduced to that of a monitor. Said the report: "The need to allocate cargo and control freight rates has now outlived its purpose with availability of more shipping space and more scientifically advanced equipment used in loading, transportation and unloading of cargo." Besides, the committee had hauled up the CFB for its failure to obtain favourable freight rates and to get more ships to lift cargo from Sri Lankan ports to outside destinations.

Fall out. This liberalisation will have a fallout: the government-owned Ceylon Shipping Corp (CSC) will have to get shipshape. This public sector sloth had hitherto operated in a highly-protected environment with the CFB giving it a big chunk of the business. However, insufficient sailings by the CSC on West Asian routes had meant that Sri Lankan exporters had been unable to increase exports to those countries as deadlines couldn't be met.

But with the government opening up the ballpark to competition, exports should shape up too.

PERSONALISED SERVICE

If you have ever been impressed by a highly personalised pension offer or curious that you have been pursued by subscription promotions for American Express's *Gourmet* magazine after using your Amex card in a good restaurant, then beware — you have seen nothing yet. Marketing, sales and customer service are on the threshold of a technological revolution.

As one of the last preserves of Information Technology (IT) innocence, marketing, sales and service offer far greater potential for cost cutting and productivity improvement than engineering or accounting, for example, where IT penetration is already high. Early evidence shows that automating sales and marketing can increase sales by 10-30%. In the UK John Maltby, head of Price Waterhouse's marketing information consultancy, says that IT in marketing is the group's fastest growing area.

Whole gamut. Relational database techniques, multi-media presentation systems, advanced communications and optical storage are being combined to allow companies to automate the whole gamut of sales and marketing — sales, direct marketing, sales management and market research. Yet if the case for applying IT to marketing and sales is so compelling, then why has it not happened before?

"Sales and marketing are in much the same position now as accounting was in the sixties. There is no common language," says Bob Shaw, a consultant in sales and marketing systems.

Research by information consultancy Oasis reveals a mutual ignorance, even hostility, between IT and marketing. It suggests that traditional formal development methods sit uneasily with the supposedly creative approach of marketing people. A further consequence of this mismatch is that the marketing or sales systems which are installed are typically isolated and stand alone.

Alan Dunstan, assistant general manager of marketing at Abbey National, confesses that while the building society has some of the most sophisticated accounting and branch systems, it does not have an integrated customer database, and like the rest of the financial services sector it is pumping tens of millions of pounds into building one.

Dunstan says he spent four years arguing that a customer database was a strategic requirement, and trying to convince his management services department that building such a database was possible.

Too difficult. Building Abbey National's relational customer database means bringing together eight different sources of data. "We were told it was just too difficult," says Dunstan. In the event, a feasibility study by Oasis broke the deadlock. Abbey National is now at the point of choosing both the database engine and user decision support systems, and the project is due to be completed in two years' time.

The major UK retail banks are struggling with this transition because banks do not generally keep databases of customer names. Rod McFee, head of delivery channels at Barclays, sums up the predicament. "We've inherited the sixties' bookkeeping architecture, based on account numbers. In systems terms customers don't exist. Now all the banks are evolving into marketing oriented organisations because our traditional core business is under tremendous competitive pressure, both from new entrants and because customers have realised that they can shop around."

Barclays and its peers still do not know how many customers — as opposed to account holders — they

have, and moving to database driven banking has triggered some of the biggest IT projects in the country.

Barclays introduced its customer information systems (CIS) earlier this year. The database will not begin to be available to its branches until mid 1991, but the bank was anxious to tackle any customers' sensitivities, in particular about direct mail.

Imperative. McFee stresses that CIS's imperative is to recapture an element of service at branch level. The system will give Barclays staff in any branch a profile of the totality "of the bank's relationship with any customer." At the same time the system will help the bank to synthesise its customer knowledge so that it can target any database marketing and cross selling more efficiently. Both McFee and Dunstan argue that their customer databases are not just about direct mail. Similarly Peter Mouncey, head of market research at the Automobile Association(AA), says that while his customer marketing database handles a big direct mail exercise, it is now considered a major corporate asset. "It is the key resource, the key management tool servicing all the businesses."

As such it is controlled by a senior committee under the AA's deputy director general, and it furnishes a wealth of management information from monitoring advertising campaigns to analysing branch performance and planning new sites.

Currently the AA holds 9 million customer records. The system sits on an ICL 3980 mainframe, and it has a conventional hierarchical structure. Mouncey says relational technology is not cost effective yet. But the AA has invested heavily in front-end PC based systems, including statistical and tabulation packages and a proprietary geographical information system, to allow users to sample data.

Ultimately these database developments are designed to support customer contacts. Other firms are using IT to support IT sales people directly with dedicated productivity tools for planning and reporting sales calls, entering orders, checking inventory and order status, and the like. — *Financial Times.*

"IF ALL ELSE FAILS, SHOVE YOUR PC IN THE DOOR"

THE FINANCIAL SERVICES CENTRE OF THE FUTURE

The fund managers, merchant bankers and stockbrokers of HongKong are a palpably happier lot than their counterparts in New York and the City of London. Here, there is no recession in the financial services industry, no doom and gloom, no mass sacking. Quite the contrary: there is great confidence about the future of HongKong as a financial services centre for the region, Tiananmen Square and 1997 notwithstanding.

HongKong ought to be irreplaceable as a financial services centre. It has its geographical position, excellent communications, its physical infrastructure of roads, buildings and airports, its professional infrastructure of accountants and lawyers and a market-mentality which has grown up over more than a century of vigorous commercial activity.

These factors help explain why there are over 160 banks in HongKong, 11 of which have come here since the Tiananmen Square massacre, some 550 firms of stockbrokers (of which 51 can be classified as international), 33 unit trust managers running 350 locally-based funds, not to mention dozens of other fund managers looking after international investment portfolios from HongKong, and squadrons of merchant bankers eager to put together deals across Asia.

The financial services industry accounts for some 20% of HongKong's gross domestic product. The industry considers that it has cleaned itself out after the corporate scandals which followed the property crash of the early eighties, and it appears to have recovered from the closure of the stock exchange for four days after the October 1987 crash, the collapse of the futures market, and the arrest of Ronald Li, then stock exchange chairman, shortly afterwards.

However, there are clouds on the horizon. Among the imponderables include the possible knock-on effect of the Savings & Loans crisis in the US and the impact of a property crash on HongKong banks. Others are worried about the influence of China in the aftermath of 1997; the increasing burden of regulation on the financial services industry; and the threat from other financial centres in the region.

The Basic Law. China is formally committed to maintaining "two systems" after 1997, one for capitalist HongKong and one for the rest of the People's Republic. The Basic Law which comes into effect in 1997 contains safeguards which ought to guarantee the future of the financial services industry: not least, that HongKong will levy its own taxes and that it will keep its various financial markets, and that there will be no exchange controls.

It is not surprising in the wake of Tiananmen Square that people question whether China will keep faith with the provisions of the 1984 Sino-British agreement. Even if it does, there cannot fail to be a change in the business culture of HongKong. The Basic Law is silent on the subject of who will oversee the financial services industry. If it gets the wrong man it might become difficult to continue to do business in HongKong.

Another problem could be corruption and interference on the part of junior officials. "I find it hard to believe that the Chinese will respect the rule of law and it is inevitable that the system as we know it will be chal-

lenged — perhaps in a dispute between a state-owned Chinese company and local business," says John Greenwood of GT Management (Asia).

The threat from China is seven years hence: more immediate is the threat from within, according to some. In recent months, there has been a crescendo of complaints about HongKong's regulatory environment. Many businessmen claim — particularly those from Jardine Matheson — that the death-knell to HongKong's financial services industry is being sounded not by the Chinese but by a small squad of five senior regulators, from Canada, the UK and the Antipodes, who head the Securities and Futures Commission.

HONGKONG'S FINANCIAL SERVICES INDUSTRY IS BOOMING

Resentment. The SFC came into being just over a year ago on the recommendation of Ian Hay Davison's report into regulation in HongKong, commissioned in the immediate aftermath of the 1987 crash. It has provoked a lot of resentment.

"Regulators have been imported from every corner of the globe to impose detailed regulations," reads a Jardine memorandum on the subject, "on a financial community which broadly speaking divides into two halves — those who do not intend to obey the rules and those who do not understand them."

There has been much squabbling between the SFC and the stock exchange, and much criticism that the new batch of regulators have not, in the words of Hongkong Bank chairman William Purves, learned to "bend with the bamboo." Mr. Robert Owen, SFC chairman and the target of much flack, says that it is all a mistake.

"It is true that listed companies here face a dramatic increase in the amount of regulation." Owen observes, citing new legislation on disclosure and on insider dealing, as well as stock exchange listing rules.

"Not a single new rule which the SFC has produced impinges directly on the quoted companies. What we are seeing is a general reaction to change, people harking back to a golden era when there was no regulation." Many people have criticised the SFC's 200 staff, believed to be significantly higher than Davison thought necessary. This is rebuffed by Owen:"The actual increase in frontline regulators under the new system is only 40%."

Owen says that few people can come up with specific examples of SFC interference. By contrast, he likes to illustrate the positive effect of the SFC's work by reference to the fund management industry, where the time required to get a unit trust authorised has dropped from 150 days-plus a year ago, to 21 days. Philip Gray, chairman of the Unit Trust Association, says that HongKong is a much more attractive place to locate an offshore mutual fund than it was a year ago, "when HongKong was completely moribund in this area."

What about the threat from other financial centres? In the long term, there may well be a surge in banking business in Bangkok, Jakarta, Kuala Lumpur, even in Manila. But, excluding Tokyo, the only serious threat comes from Singapore and possibly Taiwan.

Ignoring Armageddon scenarios, the threat to HongKong must be limited: Taipei is still cut off from mainland China. and the highly interventionist stance of the Singapore government, not to mention the repressive political regime, are likely to deter significant transfers of financial business from HongKong.

Assuming no crises, the future should be good for HongKong's financial services industry.— *Financial Times*

NEWS BRIEFS

■ Bad weather in the Amazon rain forest caused a 3.5% fall in **Brazilian gold** production last year to 97 tonnes from a record 100 tonnes in 1988.

■ **General Motors** of the US is to supply emission control components worth nearly $1 billion to **Volga Auto Works,** the largest Soviet vehicle maker.

■ **Nippon Life Insurance Co** of Japan has agreed to purchase $300 million worth of **American Express** common shares as part of a domestic and international public offering by American Express.

■ **South Korean** exporters are suffering from high financial costs, paying an average 14.1% in interest for various borrowings in 1989, stemming from rising domestic interest rates.

■ **Donald Trump** reached a tentative accord with his major bankers, giving him the time and money necessary to restructure his troubled real estate and casino holdings. The banks would lend him about $50 million and allow him to suspend interest payments on about $2 billion in existing bank loans.

■ The Australian government blocked **Robert Maxwell's** proposal to buy 49% of the daily *West Australian* and other newspaper interests now controlled by Alan Bond's Bell group.

■ The British government is preparing to take the **pound** into the **European Monetary System's** exchange rate mechanism as early as September or October provided the pound is strong on foreign exchange markets.

■ **Robert Fleming, a** UK merchant banking group, has withdrawn from equity market making. Christopher Munro, a Fleming director, said the company had decided to concentrate on the agency side of its business.

■ **Pacific Telesis,** the California-based US telecommunications group, plans to invest £500 million in the UK telecommunications industry over the next seven years.

PIG IRON VENTURES

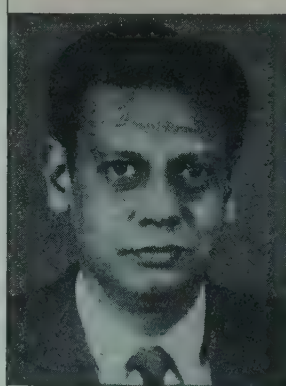
This article, the second in the series on new projects in India's metallurgical industries sector, will discuss pig iron schemes. Even with the commissioning of the first blast furnace at the newly-built Visakhapatnam steel plant, which is expected to provide some relief, the growing demand for pig iron is unlikely to be met unless additional capacities are created. Hence, a number of companies and entrepreneurs in the country are trying to enter this promising field. In the past two years, over 50 projects have been registered with the Secretariat of Industrial Approvals (SIA). Over the next three to four years, the pig iron supply situation could thus improve and even reach a position of export surplus.

The following are the new pig iron projects, including expansion schemes, which are in various stages of planning and implementation:

■ Bihar Sponge Iron has plans to implement a 3 lakh tpa pig iron project at its existing sponge iron complex at Chandil near Jamshedpur. As of early 1990, the scheme was still in the preliminary planning stage.

■ Bihar State Industrial Development Corp (BSIDC) has a proposal for a 9 lakh tpa pig iron facility at Manoharpur near Jamshedpur. The estimated cost: Rs 1,500 crores. Technology will come from Korf, West Germany. Metallurgical and Engineering Consultants (Mecon) has prepared the feasibility report for the project which will use good quality iron ore from the nearby Chiria mines. As of early 1990, the project was still in a conceptual stage. Press reports during late 1989 had indicated that BSIDC had initiated discussions with Reliance Industries for a possible tieup.

A host of pig iron ventures has been proposed to fill the demand-supply gap



■ Industrial Development Corp of Orissa Ltd (Idcol) is to increase its foundry grade pig iron capacity from the existing 1 lakh tpa to 1.5 lakh tpa at Matkambeda in Keonjhar district of Orissa. An additional blast furnace is to be installed at the existing plant which has three already in operation.

■ Industrial Promotion and Investment Corp of Orissa Ltd (Ipicol) has reportedly teamed up with Dalmia Cement (Bharat) to promote a 1 lakh tpa pig iron joint venture at Daitari near Cuttack. The cost: around Rs 65 crores.

■ Jindal Strips, an existing manufacturer of steel strips, has plans for a 1 lakh tpa pig iron project at Bharsiva near Raipur in Madhya Pradesh (MP). The estimated cost: Rs 10 crores. The company intends to instal a closed-type submerged arc furnace suitable for hot charging of directly reduced iron.

■ Nava Bharat Ferro Alloys, an existing ferro alloys manufacturer, has a proposal to manufacture 80,000 tpa of pig iron at Kirandul in the Bastar district of Madhya Pradesh (MP). The plant is likely to have an open rotating electric submerged arc reduction furnace which is proposed to be procured from the USSR.

■ Orissa Iron & Steel (OIS), a new joint venture company to be promoted by Idcol, Orissa Mining Corp and Minerals & Metals Trading Corp (MMTC), has plans to establish a steel complex at Daitari near Cuttack. This will produce 2 lakh tpa of pig iron and 3 lakh tpa of sponge iron. The entire complex, which will include an iron ore pelletisation plant, is estimated to cost around Rs 450 crores. Mecon has reportedly been commissioned to prepare the feasibility report. The project is targeted to be completed during 1993.

■ Poddar Projects has plans to set up a complex for producing sponge iron and pig iron in Purulia district, West Bengal. Tata Korf is likely to provide technology from its West German principals. Mecon is preparing the feasibility report. The likely pig iron capacity: 1.5 lakh tpa. As of early 1990, the project was still in a preliminary planning stage. The West Bengal government is, however, keen to see the project through and has offered to provide land for the plant.

■ Pradeshiya Industrial & Investment Corp of Uttar Pradesh (Picup) has reportedly teamed up with the Nova Group of Delhi for a 1 lakh tpa pig iron joint venture at Lalitpur in Uttar Pradesh. Work on the project is likely to begin during the second half of 1990 and may be completed during 1991.

■ Punjab Con-Cast Steels, an existing manufacturer of special steels and rolled products at Ludhiana, has a proposal to produce 5 lakh tpa of basic and foundry grade pig iron at Anandpur in Keonjhar district of Orissa. Initially, however, a 1 lakh tpa plant may be set up.

■ Raipur Alloys & Steels, a steel billets manufacturer, has plans to set up a complex for sponge iron and pig iron at Urkura village near Raipur in MP. The sponge iron project is likely to be implemented first.

■ Sesa Goa, currently engaged in mining and export of iron ore, has a proposal to manufacture 1.5 lakh tpa of low grade, low phosphorous foundry grade pig iron in two phases. The plant is to be located at Amona near Bicholim in North Goa. Technology for the project is being provided by Korf Technologia Siderurgica, Brazil, which is providing the technology of Korf AG, West Germany. Tata Korf will be providing the technical assistance for the project and coordinate the transfer of technology.

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CHHABRIA UNDER SIEGE

He never had a halo around his head ever. Not Manohar Rajaram Chhabria. On the contrary, the devil's horns suited him infinitely better as headgear. For, to his detractors — and there's a small army of them — he was always a snake in the grass who ruined their placid, protected garden of industrial Eden with his rough-and-tumble takeover tactics.

But they can all rest easy now. Chhabria is no longer the maverick marauder of recent memory. Says he: "For the moment, we have decided not to go in for further acquisitions unless there is a synergy. The priority is now on consolidation."

The transformation is not quite from Menacing Manu to Chummy Chhabria, but, yes, there is a different Chhabria creeping out of the woodwork. Gone is the hunger for battle; gone, too, is the old brash bravado. Manu Chhabria, Mark II, is a Harvard-returned businessman who can talk the language of MBAs; a trader who is coming to grips with the fact that running an industry is tougher than acquiring it; an empire-grabber who is growing conscious of the need for building and sustaining a Rs 1,200 crore empire.

SIGNS OF STRAIN

But the maturing of Manu Chhabria may have less to do with Harvard and empire-sustaining vision than adversity. For the man who built up the country's eighth largest business group in half a decade is upto his neck in trouble. His hastily cobbled-together group is showing signs of strain. Several of his companies have red ink blotting their balance-sheets; the government is slowly turning the screws on him and even as rumours of a serious liquidity crunch do the rounds, some banks have decided not to touch Chhabria with a bargepole. Consider Chhabria's many problems:

■ **Sickness.** Four out of Chhabria's clutch of a dozen companies are desperately sick, their net worths wiped out by growing losses: Genelec, Gordon Woodroffe, Orson Electronics and Nihon Electronics are lined up at the doors of the Delhi-headquartered Board for Industrial Finance and Reconstruction (BIFR) seeking rehabilitation packages. The four together had accumulated losses of around Rs 35 crores, almost three-fourths the profits of flagships Shaw Wallace and Dunlop.

■ **Allegations of hanky-panky.** The department of revenue intelligence (DRI), a finance ministry watchdog, has been baring its teeth menacingly in probing the raider's modus operandi. And till recently, Manu Chhabria had to appear for regular interrogation sessions with the DRI. Orson and Nihon, two of Chhabria's greenfield ventures, are also in the dock for alleged excise evasion to the tune of Rs 14 crores.

IS CHHABRIA'S GLITTER FADING?

■ **Liquidity crunch.** Though Chhabria denies it (see interview, p. 58), it is widely believed that he is facing a cash crunch internationally because of his highly-leveraged acquisitions. In India, bank finance has become difficult to come by. In fact, over the last year, the Reserve Bank of India (RBI) has been monitoring the deployment of bank funds in Chhabria companies and has asked commercial banks to audit the group's accounts.

■ **Snarl-ups.** Dunlop India, one of Chhabria's two flagship companies, was in a bit of a spot recently. In a rare move, the Life Insurance Corp (LIC) and other financial institutions (which hold a sizable stake in the company) flatly refused to okay a convertible debenture issue on the ground that the premium of Rs 25 was too high. The issue size had to be pruned to Rs 42 crores from the earlier Rs 48 crores mainly due to the lower premium agreed to. The issue is for part-funding the tyre company's new backward integration projects.

These, however, are only some of Chhabria's recent problems. His capital market designs have had a long history of thwarted ambition for some reason or the other. For example, Chhabria had planned a foray into the capital market last year to raise a whopping Rs 400 crores to finance, among other things, a hospital project in collaboration with the West German Hospitalia, and a hotels project in a tieup with the Hilton chain. But then came a series of DRI raids and the RBI strictures, forcing Chhabria to put the plans on hold till the problems blew over.

That they still haven't was proved by the lukewarm response to the Mather & Platt Fera dilution through a Rs 16 crore rights issue. The issue is widely believed to have failed to garner full subscription though Chhabria denies it. But if the much-delayed Rs 16 crore rights issue by group company Hindustan Dorr Oliver is any indication, the Cassandras have some cause for rejoicing.

If observers see some connection between the Chhabria companies' voracious appetite for cash (many of them are big borrowers in the intercorporate market) and his liquidity problems in India and abroad, Chhabria himself is quick to dismiss

the speculation: "Already, some of the monies we had borrowed has been settled. And our overseas income has been increasing... We are facing no problems whatsoever."

What is undeniable, though, is that a substantial amount of his cash is locked up in abortive takeovers. At last count, the takeover artiste had stakes in three major Indian companies — in Gammon India (over 30% of the equity), Mangalore Chemicals & Fertilizers (around 11-12%) and Larsen & Toubro (around 2%). While the actual sum involved is anybody's guess (Chhabria himself is not telling), the numbers could run into several crores.

In characteristic style, Chhabria refutes, denies and disclaims all charges. Says he: "There is a concerted attempt at feeding incorrect information (about my deals)." But behind that facade of bravado, one can discern signs of worry. Take his sick companies. Genelec, for example. Not long after Chhabria bought the company on 2 December 1988, he began to cry foul, alleging that he was sold a lemon. Among other things, he has alleged that General Electric Co (GEC) had doctored the balance-sheet before handing the company over to him. And last year, with an accumulated loss of over Rs 16 crores, the company was up before the BIFR. A Chhabria-inspired fraud case against GEC has, meanwhile, washed up in Calcutta's courts (see *BW* 23 May-5 June, 1990, p.46).

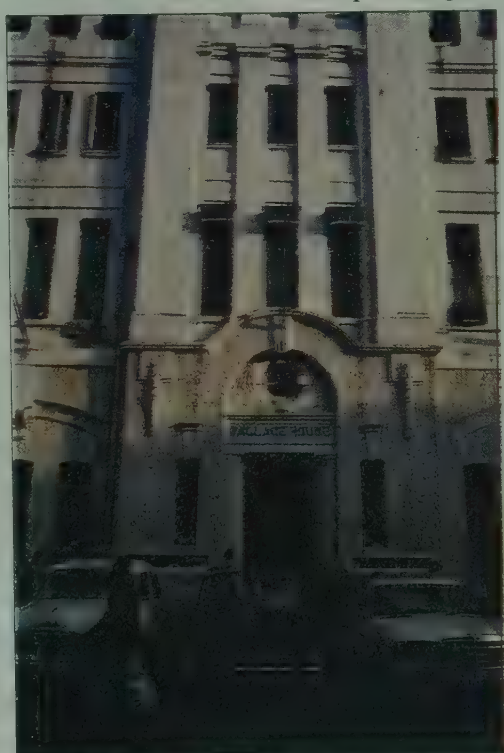
BUYING ARGUMENTS

In spite of Chhabria's pleas that he inherited these losses, the BIFR didn't buy his arguments last month. That means the Genelec revamp plan is back now to square one.

Genelec's not the only Chhabria company with an uncertain future. Nihon and Orson, the two electronics companies which were at the centre of an unseemly financial scam two years ago (see *BW* 19 July-1 August 1989, p.54), are also up to their eyebrows in trouble. With collective losses involving Rs 15 crores, another Rs 15 crores of irregularities in connection with bank loans, and a Rs 14 crore excise tangle, the two companies don't have a snowball's chance in hell of a quick recovery. Though Chhabria claims that he's willing to pump in around Rs 7-8 crores for a revamp, there are no signs of a turnaround. As he himself admits blandly: "They're typical BIFR cases. Until the revival packages are cleared, nothing's going to happen."

Then there's Gordon Woodroffe. Last year (1988-89) the company ended up with an accumulated loss of Rs 6.40 crores, up from the previous year's loss of Rs 4.52 crores. And though the BIFR decided earlier this year to hear all the Chhabria group cases together, there are still no signs of a revival package being okayed. But Chhabria is sanguine. "Since February this year, Gordon Woodroffe has begun earning cash profits and soon there'll be a turnaround," says he. As for Falcon Tyres, the company lost Rs 2 crores in 1988-89 and the BIFR is looking at the revival plan with lots of caution.

Even if Chhabria (at least on the face of it) doesn't appear unduly concerned about the fate of his companies, it's an optimism his bankers don't share. A few months back, one major foreign bank threatened to wash its hands off Chhabria and quit the consortium of banks lending to one of his major companies, liquor conglomerate Shaw Wallace. Insiders say a showdown was avoided and senior company executives persuaded the bank to hang on. "But how long will banks hang on?" asks a nationalised bank chairman whose bank's exposure to the Chhabria group has begun scaring him. The bank dues of Genelec alone notch up to nearly Rs 20 crores, while estimates of bank funds blocked in other sick Chhabria companies range between Rs 20-50 crores.



SHAW WALLACE HQ IN CALCUTTA

Small wonder then that big brother RBI has sat up and taken notice. Perhaps on the suspicion that the Chhabrias may have been misusing company funds to finance takeovers, the RBI has directed commercial banks to furnish the latest details about their exposure to Chhabria companies. And that isn't all: under the central bank's directive, no bank can enhance its lending limits to any group company without the RBI's sanction.

NOTHING TO HIDE

For Chhabria, clearly, the heat is on. And he isn't happy about it. "From 1989 onwards, they've been checking our accounts. We have nothing to hide. But why this perennial auditing of our companies?" He's quick to deny any wrongdoing: "They (i.e. the RBI) are under the impression that we used local funds for our takeovers. Except for Genelec, which was acquired through Shaw Wallace, all our acquisitions have been through overseas deals. And they all conform to legal requirements."

Pooh-poohing suggestions that his group is facing liquidity problems in India and abroad, Chhabria launches into a tirade against "some people who are deliberately spreading such an impression." According to him, the mere absence of any takeover plan doesn't mean he's under a cash squeeze. Today, the key word in the group is consolidation, "by which I mean growth of existing companies through expansion," says he.

At least for the two flagship companies, Dunlop and Shaw Wallace, which are also his most profitable ones, expansion seems the logical course. Dunlop, which is estimated to notch up a turnover of Rs 580 crores this year (1989-90), has set for itself an ambitious Rs 720 crore target for 1990-91. On the cards are new projects to manufacture carbon black, nylon-6 and radial tyres for buses. For the Shaw Wallace group, which posted a turnover of Rs 499 crores in 1989-90, Chhabria's grand design includes "hospitals, hotels and real estate as the new focus." According to him, the idea is to turn both the companies into

1915 – 1990

75

JUBILEE

Portrait of a 75 year old

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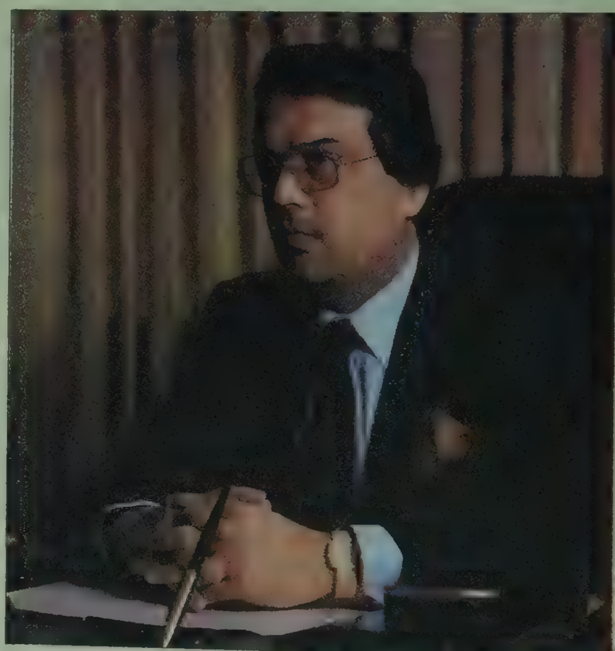
"WE'RE NOT OVERSTRETCHED"

Six years ago he stormed into the Indian business arena like a brash brigand. Starting from scratch on Indian turf, Manohar Rajaram Chhabria quickly notched up a Rs 1,000 crore empire in just five years, earning for himself the title of takeover tycoon. That's what he was. Was? Yes, because recent times haven't been so kind to the 43-year-old erstwhile raider. Hemmed in on several sides, Chhabria today has his back to the wall. Several of his companies aren't doing well. Some are up steeped in losses. Banks have begun blacklisting the Dubai-based trader-turned-raider industrialist. But when Chhabria spoke to BusinessWorld *in a freewheeling interview towards end-May, he dismissed all talk of any crisis in his nascent empire. Excerpts:*



■ **On the impression that Chhabria companies are facing serious liquidity problems.**

I don't agree with the view that we are facing a liquidity problem. It's not correct. True, the Reserve Bank of India (RBI) has written to our bankers asking them to audit our accounts. The RBI may be under the impression that we have been using funds from our Indian companies for acquisitions. Somebody must be feeding them with wrong information. All our acquisitions have been overseas with the exception of Genelec. The real situation, in fact, is that we are investing monies in line with the government of India's policy.

■ **On the view that he is in a highly leveraged position abroad following the spree of acquisitions.**

That's a myth. Six years have gone by since we embarked on acquisitions. Already some of the monies we had borrowed has been settled. And our overseas income has been increasing. Let me categorically state that we're facing no problems whatsoever. We may have borrowed for acquisitions but not for working capital requirements. And things are very much in control. There's an organised effort to spread misinformation and propaganda to besmirch our reputation.

■ **On who could be spreading such misinformation.**

Isn't it obvious? In just a few years' time we've been able to find a place among the top 10 business houses in the country. Naturally, there are people who don't like that. Many of the industrialists would do anything to damage our image.

■ **On whether he's been a victim of government vendetta.**

No. Fortunately, not yet, at least.

■ **On the fact that several Chhabria companies are up before the Board for Industrial and Financial Reconstruction (BIFR).**

Already some of these companies are performing better. Take Gordon Woodroffe. We've begun earning cash profits from February-March onwards this year. And we'll soon be galloping.

There are problems in the group. Take Orson and Nihon. They are typical BIFR cases. Until the board clears them (the rehabilitation packages), no efforts on our part can help. Genelec, however, is a company we are putting our head and shoulders behind to turn around. I believe that it is principally a profitmaking company except for the projects division.

■ **On why Genelec came to its present fate and why the Chhabrias didn't anticipate the problems.**

In Genelec, unfortunately, we inherited decisions that were taken in the past. And a lot of these things we were not able to anticipate. The seller (GEC) made a representation to us which was contrary to the facts that existed. Unfortunately, we were looking at GEC and accepting its solid, trustworthy image. We certainly did not expect them to conceal the facts.

■ **On the current controversy in Dunlop where the financial institutions have not agreed to a high-premium bond issue.**

If the LIC (the Life Insurance Corporation) feels the premium is too high, it's fine. We'll accept a low premium. What does it matter? It's a difference of a mere Rs 4-5 crores.

■ **On the department of revenue intelligence's show cause notice to Orson.**

Yes, they issued a notice recently. I haven't yet read it.

■ **On the group's decision to stop the acquisition spree.**

Let's be clear. The group has to grow either by expansion or acquisition. For the moment, we have decided not to go in for further acquisitions unless there is synergy. It doesn't mean we're overstretched or tired as some people feel. The priority now is on consolidation. Growth has to be there.

■ **On the performance and prospects of the two Chhabria flagship companies — Dunlop and Shaw Wallace.**

Just a look at the figures tells you what we have achieved. Take Dunlop. Last year, the company's turnover was Rs 408 crores. This year (31 March 1990) we have touched Rs 580 crores. The target for next year has been fixed at Rs 720 crores. The idea (for both Dunlop and Shaw Wallace) is to turn them into

Rs 1,000 crore companies as quickly as possible.

In Dunlop, that means backward integration. Into projects like carbon black manufacture, nylon-6 etc. As for Shaw Wallace (which notched up a turnover of Rs 499 crores this year) we want to double the sales in the next two or three years. We have already got into real estate and we'll be getting into hotels, hospitals and pharmaceuticals shortly. Our aspirations are running high.

■ On the money locked up in abortive takeover bids for Gammon India, Mangalore Chemicals & Fertilizers and Larsen & Toubro.

Let me tell you first that the amount of money locked up is not too much. Take Gammon. The total funds there are just one-tenth of the sums involved in the Shaw Wallace takeover. And we're not even leveraged for the sum.

■ On whether he has given up on the Gammon bid.

We waited 27 months for Shaw Wallace to come through. I assure you we can wait that long or even longer for Gammon.

■ On reports that the group's Dubai-based Jumbo Electronics is facing problems and that Sony may snap ties with Jumbo.

Crazy. In 1989, Jumbo Electronics crossed the $170 million sales mark. This year, I won't be surprised if we again become Sony's largest distributor in the world. Overseas, our activities have been booming. And with the end of the Iran-Iraq war and East Europe opening up, the future is bright. And let me put things straight. There is absolutely no truth in reports that Sony is snapping links. None whatsoever.

■ On the exodus of senior executives from Chhabria companies.

What's wrong with that? Doesn't it happen to other companies? Why does one hear all this fuss when executives hop from my companies?

■ On his recent course at Harvard Business School (HBS).

Yes, I graduated on 2 February this year. So now I am an alumnus of HBS. I can talk the same language as my MBA executives. But I still consider myself an entrepreneur with professional skills. That's the best combination you can have.

Rs 1,000 crore giants within the next three years. "The group will grow by expansion of existing companies and not acquisitions," says he.

That doesn't mean Manu Chhabria has lost his appetite. Far from it. In Gammon India, for instance, where Chhabria has a whopping 34% stake, he's confident of a comeback. "We're willing to wait," says he.

But Chhabria's grandiose plans run the risk of remaining just on paper unless he can get the financial institutions to his side. The institutional blackball that stymied the Dunlop convertible debenture issue is one straw in the wind that Chhabria has some way to go in winning friends and influencing people in the financial world. And with banks having second thoughts on Chhabria's financial credibility, he may well be up the rapids without a paddle.

Those are not the only worries that Chhabria should be having. On the international front, too, his position may not be hunky-dory. Chhabria's Dubai-based mega dollar business Jumbo Electronics, which is Japanese electronics behemoth Sony's sole distributor in the Middle East, may well be facing a crisis. There have been persistent rumblings that Sony may snap its ties with the Chhabria outfit. Market watchers suggest that that could be the reason why Jumbo launched its own brand of electronic products under the 'Supra' label.

A VIEW OF THE NIHON FACTORY

ABSURD SPECULATION

"Absurd speculation," says Chhabria dismissively. "Jumbo Electronics achieved sales worth $170 million (Rs 294 crores) last year (1989) and it won't be surprising if we attain our 1983 status of becoming the largest Sony distributor again this year," he adds.

What about the possibility of having got himself into an overleveraged position abroad? Bankers (including foreign bankers) feel Chhabria may have compromised his financial position through too many leveraged buyouts (LBOs) overseas. And with settlements (for takeovers of companies like Dunlop and Shaw Wallace) of those borrowings falling due, Chhabria may be feeling the pinch. But the NRI tycoon flatly rebuts such views. "It's a myth," says he. "This is the sixth year after we went in for LBOs and already some of that money has been settled." According to him, there's no pressure on funds abroad. "We're performing at our all-time best internationally," he adds. As if to emphasise that, he has already announced that he is planning another acquisition abroad, this time in the UK, with a war chest of £50 million.

SOBERING REALITY

But the reality back home is a sobering one. As one banker says: "It's all right to talk about turnarounds and consolidation, but it has to be done first." With a number of almost dead albatrosses around his neck and just two cash-rich moneyspinners, Chhabria clearly has to do some serious thinking.

For the moment, though, his priorities are different. He plans to go on a myth-exploding programme. Or one could call it an image-building exercise. Says Chhabria: "I was too preoccupied with overseas work to take a look at our image here. My first task now is to clear the myths about the group in India."

Now what does that mean? Going by the recent extra large Shaw Wallace ads in mainline dailies announcing the company's results, perhaps that means a publicity and PR blitz from the group. But will that alone help a beleaguered Chhabria?

His companies need a bottomline lift more than a facelift.

■ *Sanjoy Narayan*

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INVESTOR CONTEST

Last date for the receipt of entries: 18 July 1990

There's no entry fee, no risk. But there's Rs 5,000 to be won every fortnight. Here's how.

Every contestant is given a notional Rs 1 lakh to invest in shares. The money can be invested in upto five scrips listed on the Bombay stock exchange (BSE) at closing prices on a reference date specified by *BusinessWorld (BW)*. This notional portfolio will be evaluated by *BW* a month later (approximately). Three contestants, whose portfolios register the largest gains, will be entitled to cash prizes: Rs 2,500 being the first prize, Rs 1,500 the second, and Rs 1,000 the third. The names of all the winners will be published in *BW*.

THE RULES

1. The notional amount to be invested is Rs 1,00,000.
2. Investments (in market lots only) can be made in any five companies' equity shares which are listed on the BSE.
3. Investments in debentures or securities other than equity shares are not permitted.
4. No investment can be made in scrips in which there has been no trading on the reference date for investment (11 July for Contest No 17).
5. Investments in scrips quoted below par value on the investment date cannot exceed 25% of the total (Rs 25,000).
6. The maximum amount investible in any one scrip is Rs 50,000.
7. Investments must be made on the basis of the closing prices of shares on a date specified by *BW*. **This time the date is 11 July 1990**. Quotations based on prices at stock exchanges other than Bombay will not be permitted.
8. The portfolio will be evaluated on a date (to be specified by *BW*) roughly one month after the investment date. **This time the date is 8 August 1990**. This too will be on the basis of the closing quotations of the BSE. The official list of the exchange will be the source for determining closing prices. Quotations published in newspapers, magazines or any other publication will not be accepted. In the event of there being any difference in the price quotations given by the contestant and the official list of the Bombay stock exchange, the investments will be deemed to have been made at the latter prices.
9. If the BSE is closed on the specified days, the closing quotations of the first subsequent trading day will be taken into account.
10. Any odd amount left uninvested in the notional portfolio will be assumed to have been deposited in a savings bank account earning an interest of 5% p.a.
11. Contestants will have the option either to invest the entire amount of Rs 1,00,000 (or part thereof) in equity shares or in a savings bank account. (This is just in case investors think stock values will crash and that the money is better invested outside the stockmarkets.)
12. All entries should be accompanied by a coupon (given below) bearing the contest number and must reach the editorial office of *BW* not later than the date specified. **For Contest No 17, the last date for the receipt of entries is 18 July 1990**. Envelopes should be sent by ordinary post only and must carry the following on the outside in big bold letters: *BW* INVESTOR CONTEST NO 17 (or whatsoever the contest number is). The envelope must be addressed to: The Editor, *BusinessWorld*, 145, Atlanta, 209 Ceremonial Boulevard, Nariman Point, Bombay-400 021.
13. In case of a tie, the money will be divided equally among the winners. For example, if the top two portfolios show the same level of appreciation, the prize money for the first and second prizes will be pooled and distributed to the two winners.
14. For the purpose of this contest, it will be assumed that no brokerage is paid for the purchase of shares.
15. Contestants can send in any number of entries, but each of them must be accompanied by the relevant coupon. Coupons for contest No 17 cannot be used for Contest No 18 and so on.
16. The decision of the Editor, *BusinessWorld*, will be final in deciding any disputes vis-a-vis this competition, which will not be open to any employee of the Ananda Bazar Group of Publications.

The attention of contestants is drawn to Rule No 12. No hand-deliveries of entries will be accepted. Entries without post-marks will be automatically disqualified.

Winners of

INVESTOR CONTEST NO 13

FIRST PRIZE (Rs 2,500): Puthumana C. Narayanan

Narayanan's portfolio appreciated to Rs 1,31,752.71.

SECOND PRIZE (Rs 1,500): M. Ravinder Reddy

Reddy's portfolio appreciated to Rs 1,30,258.33.

THIRD PRIZE (Rs 1,000): K. Chandra Shekhar

Shekhar's portfolio appreciated to Rs 1,26,250.42.

The pros have done it once again. Heading the pack in Investor Contest No 13 is Puthumana C. Narayanan, whose three-scrip portfolio of Rajasthan Telephone, DCL Finance and Wardhman Auto got him an appreciation of 31.75%. The key to his victory was the last below-par share, in which he invested the maximum permissible amount. Wardhman also happened to be the scrip with the highest appreciation (60%) in this contest.

Following close behind Narayanan is Ravinder Reddy, who made it by putting almost his entire money in Orissa Sponge and Rajasthan Telephone — two scrips which appreciated 42% and 20%. A minor investment was made in Telephone Cables. At the No 3 spot is another three-scrip entrant — K. Chandra Shekhar. About 95% of his investment was almost equally divided between Orissa Sponge and Bharat Fertilisers, while Modi Alkalies got the remainder.

Congrats!

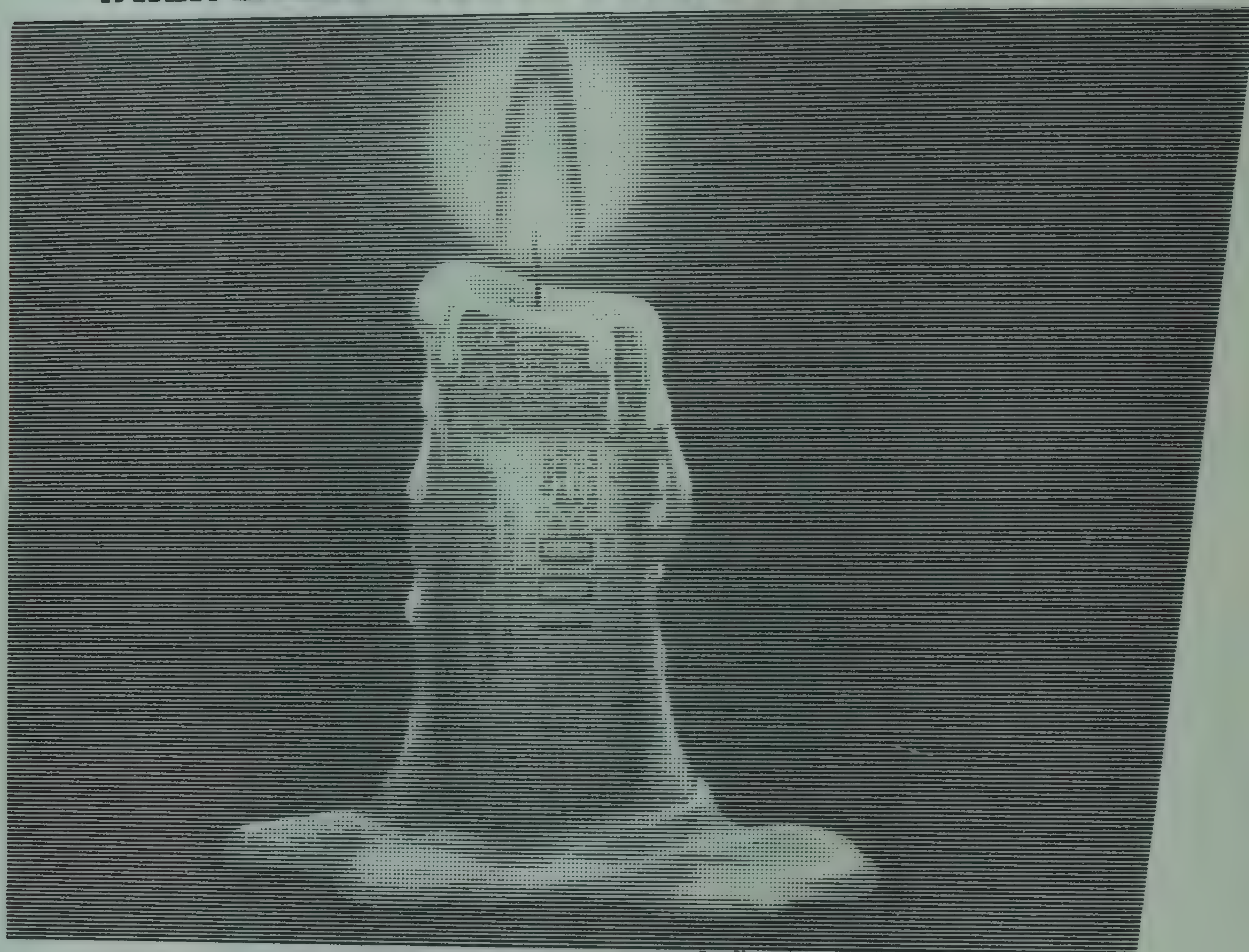
INVESTOR CONTEST NO 17 — ENTRY FORM

Name of scrip	Price on 11 July 1990	Number of shares purchased	Total investment
Total money invested from Rs 1 lakh capital			

Name:

Address:

WHEN ENERGY COSTS BURN DOWN YOUR PROFITS



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HINDUSTAN CIBA-GEIGY

(Rs crores)

	6 months ended 31 Mar 90	6 months ended 31 Mar 89	12 months ended 31 Mar 90
Net sales	125.17	102.45	246.30
Other income	2.39	1.84	4.39
Interest	0.90	0.44	1.94
Gross profit	13.93	10.92	32.17
Depreciation	2.57	3.17	5.10
Taxation	4.55	1.03	10.83
Net profit	6.81	6.72	16.24
EPS (Rs)			91.70
RONW (%)			28.11

Gross margin has moved up a bit from 10.47% to 10.92% and net margin has dipped from 6.44% to 5.34%. Equity capital and reserves of the company are Rs 17.71 crores and Rs 40.07 crores respectively. The current market price of Rs 1,355 yields a P/E of 14.78.

INDIAN PHOTOGRAPHIC CO

(Rs crores)

	6 months ended 31 Mar 90	6 months ended 31 Mar 89	15 months ended 31 Mar 89
Net sales	25.84	17.60	42.01
Other income	1.12	1.77	3.15
Interest	1.22	0.84	1.85
Gross profit	1.09	0.35	1.01
Depreciation	0.20	0.09	0.28
Taxation	—	0.05	0.05
Net profit	0.89	0.21	0.78
EPS (Rs)			3.12*
RONW (%)			8.36*

Equity capital and reserves are at Rs 2 crores and Rs 5.46 crores respectively. Margins have improved significantly — gross margin from 3.30% to 4.04% and net margin from 1.08% to 3.30%. The current market price of Rs 53 yields a P/E of 16.99. Sell now.

M.J. PHARMACEUTICALS

(Rs crores)

	6 months ended 31 Mar 90	6 months ended 31 Mar 89	12 months ended 31 Mar 89
Net sales	14.70	14.83	34.45
Other income	2.41	2.25	2.66
Interest	0.77	0.87	1.41
Gross profit	0.99	1.09	2.16
Depreciation	0.34	0.34	0.66
Taxation	—	—	—
Net profit	0.65	0.75	1.50
EPS (Rs)			3.58
RONW (%)			25.60

Margins have dipped — gross margin from 6.38% to 5.79% and net margin from 4.39% to 3.80%. The share is quoted around Rs 23.25 and the P/E works out to 6.49. Equity capital and reserves of the company stand at Rs 4.19 crores and Rs 1.67 crores respectively.

DHARAMSI MORARJI

(Rs crores)

	6 months ended 31 Mar 90	6 months ended 31 Mar 89	12 months ended 31 Mar 90
Net sales	62.74	54.15	120.75
Other income	1.58	1.10	2.42
Interest	3.43	3.27	6.52
Gross profit	6.66	2.29	10.66
Depreciation	1.64	1.41	3.29
Taxation	0.82	0.15	1.20
Net profit	4.20	0.73	6.17
EPS (Rs)			9.61
RONW (%)			36.42

The share is quoted around Rs 64 which yields a P/E of 6.66. Equity capital and reserves of the company are at Rs 6.42 crores and Rs 10.52 crores respectively. The share is worth buying for the long term.

SCINDIA STEAM NAVIGATION CO

(Rs crores)

	6 months ended 31 Mar 90	6 months ended 31 Mar 89	9 months ended 31 Mar 89
Net sales	21.55	10.22	10.22
Other income	1.53	27.06	27.14
Interest	3.63	8.10	10.97
Gross profit	5.23	11.76	4.66
Depreciation	4.44	4.52	6.78
Taxation	—	—	—
Net profit	0.79	7.24	1.60
EPS (Rs)			11.26*
RONW (%)			—

A small net profit has been posted. Margins have dipped — gross margin from 31.55% to 22.66% and net margin from 19.42% to 3.58%. The current market price of Rs 9.50 yields a low P/E of 0.84. Hold for short-term.

REGENCY CERAMICS

(Rs crores)

	6 months ended 31 Mar 90	6 months ended 31 Mar 89	9 months ended 31 Mar 89
Net sales	8.77	6.90	9.22
Other income	0.38	0.22	0.25
Interest	0.87	1.01	1.35
Gross profit	1.21	0.90	1.42
Depreciation	0.60	0.60	1.01
Taxation	—	—	—
Net profit	0.61	0.29	0.40
EPS (Rs)			0.95*
RONW (%)			—

Equity capital and reserves are at Rs 5.61 crores and a negative Rs 1.41 crores. Gross margin has improved from 12.64% to 13.22% and net margin from 4.07% to 6.67%. The current market price of Rs 17 yields a P/E of 17.89. Sell now.

SUNDARAM FASTENERS

(Rs crores)

	6 months ended 31 Mar 90	6 months ended 31 Mar 89	12 months ended 31 Mar 90
Net sales	46.45	36.75	92.48
Other income	0.46	0.98	0.80
Interest	2.99	2.40	5.56
Gross profit	4.36	3.17	8.71
Depreciation	1.62	1.33	3.08
Taxation	0.44	0.37	0.91
Net profit	2.30	1.48	4.72
EPS (Rs)			9.25
RONW (%)			27.52

Margins have perked up — gross margin from 8.40% to 9.29% and net margin from 3.92% to 4.90%. Equity capital and reserves of the company stand at Rs 5.10 crores and Rs 12.05 crores respectively. At the current market price of Rs 76 (15 June), the P/E works out to 8.22. Hold.

JAIN IRRIGATION

(Rs crores)

	6 months ended 31 Mar 90	6 months ended 31 Mar 89	12 months ended 31 Mar 90
Net sales	6.93	2.30	9.53
Other income	0.09	0.03	0.10
Interest	0.70	0.12	0.94
Gross profit	1.62	0.45	1.70
Depreciation	0.50	0.03	0.54
Taxation	0.08	0.03	0.08
Net profit	1.04	0.39	1.08
EPS (Rs)			3.62
RONW (%)			34.50

Equity capital and reserves of the company are at Rs 2.98 crores and Rs 0.15 crores respectively. Net margin has dipped from 16.74% to 14.81% though gross margin has perked up from 19.31% to 23.08%. At the current market price of Rs 29.50 (15 June), P/E works out to 8.15 times. Hold.

PRESTIGE HM-POLYCONTAINERS

(Rs crores)

	10 months ended 31 Mar 90	6 months ended 30 Nov 88	16 months ended 31 Mar 90
Net sales	10.85	4.13	15.72
Other income	0.08	0.01	0.08
Interest	0.32	0.22	0.54
Gross profit	1.64	0.60	2.39
Depreciation	0.96	0.07	1.08
Taxation	0.22	—	0.28
Net profit	0.46	0.53	1.03
EPS (Rs)			2.11*
RONW (%)			15.73*

Net margin has dipped substantially — from 12.80% to 4.21%. Equity capital and reserves of the company are Rs 3.66 crores and Rs 1.25 crores respectively. The current market price of Rs 29.50 yields a P/E of 13.98. Hold.

Note: *denotes annualised figures; half-yearly figures are unaudited: RONW denotes return on net worth: quotations as on 15 June.

RESULTS

TITAN WATCHES

(Rs crores)	12 months ended 31 Mar 90	9 months ended 31 Mar 89
Net sales & other income	74.62	28.02
Interest	6.51	3.51
Gross profit	9.10	3.43
Depreciation	3.98	2.16
Taxation	0.78	0.21
Net profit	4.33	1.07
EPS (Rs)		0.53*
RONW (%)		5.07*

Net margin has perked up from 3.82% to 5.80%. Equity capital and reserves of the company are at Rs 26.76 crores and Rs 1.38 crores respectively. At the current market price of Rs 43, book profits.

MACHINO PLASTICS

(Rs crores)	6 months ended 31 Mar 90	6 months ended 31 Mar 89	12 months ended 31 Mar 90
Net sales	5.01	4.29	9.80
Other income	0.01	0.01	0.01
Interest	0.36	0.37	0.70
Gross profit	0.64	0.24	1.20
Depreciation	1.29	0.36	2.52
Taxation	—	—	—
Net profit	(0.65)	(0.12)	(1.31)
EPS (Rs)			(6.30)
RONW (%)			

Gross margin has improved from 5.58% to 12.75%. However, the net margin is still negative. The current market price of Rs 29 seems high. Book your profits.

MODERN WOOLLENS

(Rs crores)	6 months ended 31 Mar 90	6 months ended 31 Mar 89	12 months ended 30 Sep 89
Net sales	13.39	11.48	24.81
Other income	0.10	0.08	0.18
Interest	0.55	0.44	0.96
Gross profit	1.68	1.42	2.92
Depreciation	0.36	0.32	0.65
Taxation	—	—	—
Net profit	1.32	1.10	2.27
EPS (Rs)			12.61
RONW (%)			72.76

Equity capital and reserves are at Rs 1.80 crores and Rs 1.32 crores respectively. Margins have improved — gross margin from 12.28% to 12.45% and net margin from 7.55% to 9.79%. The current market price of Rs 55 yields a P/E of 4.36. Buy.

FORBES FORBES CAMPBELL

(Rs crores)	6 months ended 31 Mar 90	12 months ended 31 Mar 90	9 months ended 31 Mar 89
Net sales	17.47	33.54	26.77
Other income	5.75	11.92	8.54
Interest	1.77	3.63	2.70
Gross profit	3.97	8.24	5.41
Depreciation	0.91	1.81	1.24
Taxation	0.23	0.46	0.25
Net profit	1.07	2.34	1.21
EPS (Rs)			3.80*
RONW (%)			15.22*

Margins have dipped — gross margin from 18.13% to 17.10% and net margin from 5.15% to 4.61%. Equity capital and reserves are at Rs 4.25 crores and Rs 6.35 crores respectively. The current market price of Rs 51 yields a P/E of 13.42. The share is evenly priced now and profits could be booked.

CEMINDIA CO

(Rs crores)	12 months ended 31 Mar 90	18 months ended 31 Mar 89
Net sales	23.06	26.04
Other income	0.06	0.11
Interest	0.28	0.37
Gross profit	2.22	3.07
Depreciation	0.74	1.07
Taxation	0.58	0.70
Net profit	0.89	1.30
EPS (Rs)		6.77*
RONW (%)		9.26*

Both at the gross and net levels, margins have dipped. Equity capital and reserves of the company are at Rs 1.28 crores and Rs 8.08 crores respectively. The current market price of Rs 86.25 yields a P/E of 12.74. Buy for long-term.

INDU NISSAN OXO CHEMICAL IND

(Rs crores)	6 months ended 31 Mar 90	6 months ended 31 Mar 89	15 months ended 31 Mar 89
Net sales	19.10	16.11	32.81
Other income	0.58	0.27	0.43
Interest	0.91	1.12	3.00
Gross profit	1.56	1.23	3.54
Depreciation	0.95	0.90	2.13
Taxation	0.10	0.05	0.23
Net profit	0.51	0.28	1.18
EPS (Rs)			0.67*
RONW (%)			6.04*

Gross margin has improved from 7.51% to 7.93% and net margin from 1.71% to 2.59%. Equity capital and reserves of the company are Rs 14 crores and Rs 1.63 crores respectively. The current market price of Rs 12.50 yields a P/E of 18.66.

RATHI ALLOYS & STEEL

(Rs crores)	6 months ended 31 Mar 90	12 months ended 31 Mar 90	9 months ended 31 Mar 89
Net sales	51.87	107.28	81.93
Other income	0.31	0.45	0.32
Interest	1.33	2.41	1.61
Gross profit	1.26	6.42	9.67
Depreciation	0.43	1.34	5.75
Taxation	0.79	1.48	1.90
Net profit	4.11	7.67	2.02
EPS (Rs)		26.63	9.35*
RONW (%)		48.51	17.04*

Equity capital and reserves of the company are at Rs 2.88 crores and Rs 12.93 crores respectively. The current market price of Rs 126 yields a P/E of 13.48. Book your profits.

SHRENUJ & CO

(Rs crores)	12 months ended 31 Mar 90	11 months ended 31 Mar 89
Net sales	33.74	19.97
Other income	0.15	0.12
Interest	0.87	0.67
Gross profit	3.21	1.65
Depreciation	0.08	—
Taxation	0.10	0.01
Net profit	3.04	1.64
EPS (Rs)		3.19*
RONW (%)		25.13*

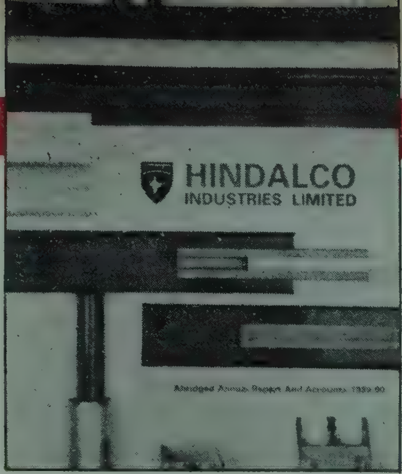
The bottomline has perked up with gross margins moving up from 8.21% to 9.47% and net margins from 8.16% to 8.97%. Equity capital and reserves are at Rs 5.60 crores and Rs 1.52 crores respectively. At the current market price of Rs 34, the P/E works out to 10.66. Buy.

EICHER MOTORS

(Rs crores)	6 months ended 31 Mar 90	6 months ended 31 Mar 89	12 months ended 31 Mar 90
Net sales & other income	59.74	50.57	104.01
Interest	2.15	2.26	4.08
Gross profit	3.76	(1.12)	4.26
Depreciation	0.39	0.37	0.78
Taxation	—	—	—
Net profit	3.37	(1.49)	3.48
EPS (Rs)			3.48
RONW (%)			—

Equity capital is Rs 9.99 crores and reserves are a negative Rs 9.22 crores. Margins have turned positive — gross margin at 6.08% and net margin at 5.45%. The current market price of Rs 24 yields a P/E of 6.90. Buy for long term gains.

Note: *denotes annualised figures; half-yearly figures are unaudited; RONW denotes return on net worth, quotations as on 15 June



HINDALCO INDUSTRIES

GREAT GOING

Hindalco has posted excellent results for the year ended 31 March 1990, thanks largely to the decontrol of aluminium last year. The salubrious effect of the decontrol has led to higher sales realisation. Thus, despite higher excise duty, interest and tax, Hindalco has been able to step up dividend, from an annualised 30% to 37.50% and even propose a three-for-five bonus.

Gross revenue is up by an annualised 35% at Rs 619.15 crores. Excise duty payments have risen both as a percentage to net sales and in absolute terms. This increase has, however, been passed on to the consumers as indicated by the improved profitability. Operating and gross profit have registered growths of 127% and 150% respectively. Despite the 185% increase in tax liability to Rs 28.70 crores, profit after tax has moved up from Rs 28.17 crores to Rs 64.41 crores. Thus the tax-to-pre-tax profit râtio has stayed put at 31%.

Perked up. Margins too have perked up. Operating margin has risen from 11.6%to 19.5%, gross margin from 9.1% to 16.8% and net margin from 4.9% to 10.4%. The return on net worth has more than doubled at 28.80 while the EPS has nearly trebled from an annualised Rs 12.62 to Rs 36.08. The payout ratio has, however, declined from 24.6% to 10.5%. The conservative distribution policy, as evident in this decline, is perhaps to partly offset the prospective effect of a larger post-bonus and post-conversion equity of Rs 38.77 crores. (Equity now stands at Rs 17.85 crores.)

The company is awaiting government approvals for enhancing its smelting capacity by 1 lakh tonnes; for setting up a plant for the manufacture of 1.5 lakh hot rolled plates and a cold rolling mill.

Aluminium is a power-intensive industry and power is a major cost besides excise and raw material costs. Captive generation of power has increased by an annualised 30%. The company is in the process of slashing energy costs. As per the Supreme Court judgement, the company has written back provisions no longer required amounting to Rs 1.23 crores. During the year, the company issued 12.5% partly convertible rights debentures aggregating Rs 159.53 crores and added Rs 30.49 crores to its net block. With additional investments of Rs 47.55 crores in units during the year, the company's total investments, including the Rs 4 crores in subsidiaries, stand at Rs 87.83 crores.

Strength. Hindalco's total advances to its subsidiaries stand at Rs 48.26 crores. Together with the reduction in current liabilities this has resulted in a near doubling of the working capital at Rs 131.93 crores. Moreover, the company has ploughed back about 90% of its profits and this internal financing has been Hindalco's strength.

Production of aluminium has increased by an annualised 30% to about 1.31 lakh tonnes. Wire rod production was up by 48% to about 39,000 tonnes and extrusions by 38% to about 39,000 tonnes.

With the decontrol of aluminium, the blue-chip has witnessed wide fluctuations as indicated by its 1989-90 high-low of Rs 325 and Rs 125 respectively. Currently being quoted at Rs 275 (cum-bonus) (19 June), the price discounts the EPS by 7.8 times against the industry's average of 9 times. Competitor Indian Aluminium's P/E ratio is higher at 10. With a comfortable cash flow and steady market for aluminium, the company may not find any difficulty in servicing an expanded equity base. The scrip seems poised to touch a P/E of 10 soon.

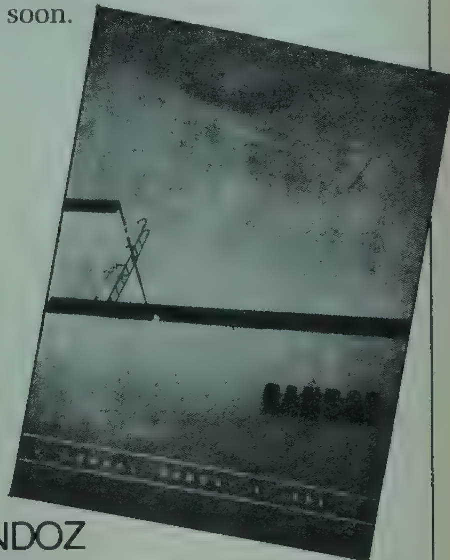
HINDALCO

(Rs crores)

	12 months ended 31 Mar 90	15 months ended 31 Mar 89
Gross revenue	619.15	573.23
Gross profit	104.06	52.12
Profit after tax	64.41	28.17
Equity capital	17.85	17.85
Reserves	200.47	162.39
Gross profit margin (%)	16.81	9.09
Return on net worth (%)	29.50	12.50*
Dividend (%)	37.50	30.00*
Earning per share (Rs)	36.08	12.62*
Book value per share (Rs)	122.31	100.97

*annualised

Source: Annual reports



SANDOZ

GOOD SHOW

Sandoz is another company to report improved results for the year ended 31 December 1989. Lower excise duty, higher export incentives and reduced depreciation charges have contributed to this improving showing.

Total revenue during the year registered a growth of 35% at Rs 180.21 crores. Despite the rise in interest costs, profits at the operating and gross levels have surged by 49% and 45% respectively. Pre-tax profits have moved up by 134%, mainly due to lower depreciation. Net profit has shot up by 186%. Despite the 71% rise in tax liability, tax ratio was lower at 32.9%, as export profits are tax exempt. Exports at Rs 32.43 crores have nearly doubled. This contributed greatly to the improved profitability. Add to this the substantial excise savings (excise to net sales ratio has dipped from 13.3% to 10.6%), the

SANDOZ (INDIA)

(Rs crores)

	12 months ended 31 Dec 89	12 months ended 31 Dec 88
Gross revenue	180.21	133.50
Gross profit	13.86	9.57
Profit after tax	5.92	2.07
Equity capital	5.30	5.30
Reserves	25.40	20.43
Gross profit margin (%)	7.69	7.17
Return on net worth (%)	19.28	8.05
Dividend (%)	18.00	18.00
Earning per share (Rs)	11.17	3.91
Book value per share (Rs)	57.92	48.55

Source: Annual reports

performance is self-explanatory.

Despite the rise in export earnings and excise savings, interest costs have risen by 57% to Rs 7.23 crores. However, the debt-equity ratio is quite comfortable at 0.9 (1.15 in the previous year). And now the company proposes to raise its borrowing limit from Rs 70 crores to Rs 100 crores.

Margins. Margins have cheered up with rising profits, keeping in line with the industry trends. Operating margin has improved to 11.7% (10.6%), gross margin to 7.7% (7.2%) and net margin has more than doubled at 3.3% (1.6%). However, Sandoz has chosen to be conservative in dividend distribution — dividend has been maintained at 18%, thus pushing the payout ratio down from 22% to 16%. As a sop, Sandoz has proposed a 1:2 bonus.

Drugs, pharmaceuticals, dyestuffs and chemicals have chipped in 30% of the gross sales.

The agro-chemicals division has recorded a 28% growth in turnover at Rs 64.23 crores largely due to higher exports. However, during the current year, the division's working is likely to be affected by depressed demand. The seeds division too has recorded an over four-fold rise in turnover at Rs 5 crores (Rs 1.17 crores), though it is yet to break even.

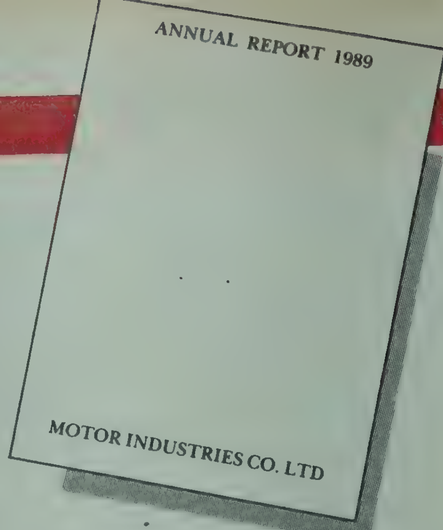
The turnover of the chemicals division has risen by 31% to Rs 54.52 crores. A number of new products has been introduced resulting in higher capacity utilisation. Margins too have improved, thanks to control over costs and a better product mix.

EPS has jumped from Rs 3.91 to Rs 11.17. The scrip is currently quoted at Rs 150 (cum-bonus) which yields a P/E of 13. The scrip had touched a high of Rs 182 and a low of Rs 80. The lower P/E ratio is reflective of the company's not so liberal distribution policy. This explains why Hoechst is quoted at a higher P/E of 17. However, in view of the excellent performance, the scrip has the potential to be quoted at a higher P/E.

MICO

ON ROUGH ROADS

Motor Industries Co (Mico), the Indian subsidiary of Robert Bosch GmbH of West Germany, has received a jolt. Higher depreciation and



employee costs have been the villains. The result: lower margins, lower post-tax profits and lower EPS have been reported for the year ended 31 December 1989. However, Mico has sought to keep the investors in good humour by maintaining dividend at 14%.

Gross revenue has risen 15.5% to Rs 269.51 crores and operating profit has moved up 8.7% to Rs 49.02 crores. The show has not been so dismal as interest costs have been reined in, with the debt-equity ratio at a comfortable 0.05. Depreciation charges have shot up by 44% to Rs 22.53 crores, thanks to large additions to the gross block. Thus profit before tax has been lower by 10.5%. Net profit too at Rs 14.61 crores is lower by 3.1% over the previous year.

Rising exports. A major consolation have been the exports. During the year, exports increased by 20% to Rs 21.69 crores, particularly exports to south-east Asia which registered a 60% growth.

The company imports about 31% of its raw materials. Despite the declining rupee, raw material cost as a percentage to sales has been maintained at 29%. However, the company could do well in reining in the overheads.

All overheads, particularly repairs and maintenance and employee costs have risen phenomenally. The former increased by 43% to Rs 9.80 crores and the latter has moved up by 26.4% to Rs 63.76 crores. As a percentage of gross revenue, they have gone up from 24.55% to 27.29%.

EPS has declined marginally, albeit from Rs 3.96 to Rs 3.84. Margins too were under pressure due to higher overheads and depreciation. Operating margin declined from 19.3% to 18.2%, gross margin from 19.2% to 18.1%, and net margin from 6.5% to 5.4%. Moreover, the company has earned 13.8% on its net worth, as against 16% earned during the previous year.

Mico's one strength, however, remains its practice of ploughing back profits, through depreciation or otherwise. With the ongoing expansion and modernisation plans, the company has added Rs 39.29 crores to its gross block, most of it (Rs 31.81 crores) from internal accruals. It has also acquired units worth Rs 1.48 crores.

Promising spares market. Production of fuel injection pumps has declined by 11.2% to 9.2 lakh pieces and that of spark plugs, elements and delivery valves has marginally moved up by 3.8% to 21 million pieces. The spark plug market has become highly competitive with the entry of Modi Champion and cheap imports from Hungary. The spares market, however, continues to be promising, though the market for single-cylinder pumps remained sluggish throughout the year.

During the year, the company commenced production of starter motors and alternators and has received a licence to manufacture hydraulic and pneumatic pumps.

MICO

(Rs crores)

	12 months ended 31 Dec 89	12 months ended 31 Dec 88
Gross revenue	269.51	233.40
Gross profit	48.64	44.81
Profit after tax	14.61	15.07
Equity capital	38.05	38.05
Reserves	67.85	56.44
Gross profit margin (%)	18.05	19.20
Return on net worth (%)	13.80	15.95
Dividend (%)	14.00	14.00
Earning per share (Rs)	3.84	3.96
Book value per share (Rs)	27.83	24.83

Source: Annual reports

Combating competition and pushing up exports through improved research and development have been Mico's strengths all along. The company is busy developing new fuel injection and engine systems.

Mico's share is currently quoted at Rs 812.50 (19 June). The scrip's P/E ratio is high at 21. Mico had seen a high of Rs 1,200 recently and its low during 1989-90 is Rs 560. It may move in a narrow range, though the long-term prospects are bright. Buy the scrip only for long-term investment.

■ *M.C. Ved*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BOOK CLOSURES

For rights:

Midland Ind, equity shares of Rs 10 each in the ratio of 5:6. Record date: 7 July.
Gujarat Inject, equity shares of Rs 10 each at Rs 3 premium in the ratio of 1:1. Record date: 9 July.
Bengal Steel, equity shares of Rs 10 each at par in the ratio of 1:3. Record date: 16 July.
PCS Data Products, 25% partly convertible debentures of Rs 45 paid up in the ratio of 1:2. Record date: 16 July.
Bliss Chemicals, equity shares of Rs 10 each at par in the ratio of 1:2. Record date: 16 July.
Alpine Solvex, equity shares of Rs 10 each at par in the ratio of 1:2. Record date: 20 July.

For redemption:

11.5% Vikrant Tyres, Pref, Record date: 1 Nov.

DIVIDEND

(The record date precedes and the percentage of dividend follows the company's name: all dividends are final.)
5 July: Nicholas Lab 30%, G.V. Films 18%, Indian Aluminium 30%.
6 July: Kirloskar Leasing 20%, Kothari Ind 18%.
10 July: Borosil 25%, Voltas 24%.
11 July: HDFC 20%, Bhiwani Vanaspati 12%.
12 July: Cemindia Ltd 30%, Rathi Udyog 16%, Dhanuka Pesticides 16%, Magnificent Leasing 15%.
13 July: Kerry Jost 25%.
16 July: DCL Finance 20%, Bhoruka Fin 12%, Canfin Home 10%, Titan Watches 15%, Kirloskar Pneumatics 18%, Monotype India 8%, Indus Credit Development Syndicate 25%.
17 July: Universal Cables 22%, Shivaji Works 20%, India Foils 23%, Goodricke 30%.
18 July: Zuari Agro 30%, Cadbury India 35%.
19 July: Polyolefins 20%.
20 July: Parke Davis 35%, Cimmco 20%, Kaycee Ind 25%.
24 July: South Asian Finance 15%, Universal Cans 20%.
25 July: Vindhya Tel 12%, Shrenuj & Co 22%.
31 July: J.B. Chemicals 9%.
1 August: Bakelite Hylam 18%, Kirloskar Oil 16%, NSL Ltd 15%, Miles India 20%, Britannia Industries 15%, Montari 12.5%, EID Parry 22.5%.
2 August: Nicco Orissa 10%, Roche Products 15%.
7 August: Coates 25%.
8 August: Tamilnadu Petro 15%, National Organic 24%.
10 August: G.G. Dandekar 20%.
11 August: Kovil Patti 18%.
16 August: AEC 10%, Glaxo 15%, Siemens 16%.
21 August: Hoechst 20%.
28 August: Indian Seamless 10%.
1 September: Gujarat Steel Tube 15%, National St Duncan 21%, Madura Coats 30%.
11 September: Peico 10%.
16 September: Gujarat Propack 12%.

INSIDE INFO

■ Strange are the ways of marketmen. Despite an excellent show, **Telco** moved up by a mere three points on 21 June. That too after all that heavy buying, particularly by all the financial institutions. Reason: smelling an opportunity, both bulls and bears hastily squared up their positions on that day. However, the grapevine had it that the Bombay big bull was still long in the scrip, to the tune of 16 lakh shares. Thus, the scrip could be beginning a new bullish era.

■ Another scrip that behaved strangely was **Milkfood.** Market players certainly had an update on the company's woes, but the scrip managed to stay put within the Rs 130-135 range. A clear case of a support operation and the marketman behind this is rumoured to be the same one who propped **Jain Irrigation** some time back. The gossip mill had it that during the week ended 22 June, his purchases averaged 18,000 shares a day of Milkfood.

■ Bad times could be over for **Orkay**, if stockmarket tipsters are to be believed. They were busy apprising market denizens that the company is all set to bounce back into the dividend list with a 10% give-away to begin with. Little wonder then that the scrip shook off its long somnolence to gain 2.5 points at Rs 17.50 for the fortnight ended 22 June.

■ Thanks to the just-heralded glasnost in the power sector, scrips of power companies are the new darlings of market punters. **Tata Power** was the most sought after among them and the report doing the rounds was that the company might announce heart-warming results with earnings of Rs 200 per share. What followed then was a virtual scramble to mop up the prize pickings and the scrip lurched upwards from Rs 612.50 (7 June) to Rs 685 (22 June).

■ Punting interest in **Bombay Dyeing** seems unending. During the week ended 22 June, on the eve of the board meeting scheduled for 25 June, the scrip zipped up from Rs 228.50 (16 June) to Rs 241.50 (22 June), fuelled by the info that the expected bonus would be one-for-one and the scrip would quote at a high of Rs 200 even ex-bonus. What added further fuel to the fire was the operation of the Bombay 'golden gang' — a sub-group of two members of the big bull coterie.

■ **ACC** was not far down in the list of fancied scrips. Bombay's big bull coterie and even the me-too financial institutions were busy shopping for the scrip which whizzed past the Rs 500-mark from Rs 484 (7 June) to Rs 515 (22 June). These punters were also feverishly tipping one and all that the scrip would soon gain another Rs 100. Mesmerised by the prospective windfall, a Bombay-based merchant banker-cum-stockbroker was reportedly running amok in the scrip.

■ Though most scrips in the prestigious 'A' list were behaving bullishly, the *badla* (carryforward) charges were surprisingly low for the settlement ended 8 June. The obvious reason: quite a few sellers were eager to book profits. However, the not-so-obvious reason was that all the top-notch Bombay bulls had been financed from outside the market, particularly by yuppie **Citibank**. *Badla* financiers felt that the trend would continue for the next settlement too. This expectation was one major factor which turned blue scrips bluer during the week ended 22 June — **ACC** rose from Rs 494 to Rs 515.50, **Bajaj Auto** from Rs 467 to Rs 470, **Baroda Rayon** from Rs 882 to Rs 910, **Premier Auto** from Rs 57 to Rs 62 and **Tata Steel** from Rs 117 to Rs 121. Even the not much-fancied **Reliance** and **Larsen & Toubro** gained eight points at Rs 70 and five points at Rs 77 respectively.

INVESTMENT WORLD

VITAL STATISTICS

Company (The figures following the company name indicate face value and market lot in that order)	Eq Cap RsCr	Free Res RsCr	Revl Res RsCr	Book Value Rs	Gross Sales RsCr	Other Inc RsCr	Gross Profit RsCr	GrPr Mgn (%)	PAT RsCr	Adj PAT RsCr	Cash Earn RsCr	EPS Rs	Ret/Net Worth (%)	Div (%)	Pay Out (%)	Mkt Price 21June	P/E Multiple	Last Bonus Ratio	Last Bonus Year	Bonus % in Cap	MarketPrice 1989 High Rs	MarketPrice 1989 Low Rs	MarketPrice 1990 High Rs	MarketPrice 1990 Low Rs	Yield on Mkt Price (%)	Price to BkVal Times
AbacusComp(10/100/d)	1.4	0.2	0.0	11.3	10.2	0.1	0.45	4.3	0.26	0.29	0.37	2.27	12.9	8.0	48	14.00	6.16	0.00	_	0	10	4	NA	NA	6.99	1.24
AbanLoyd(10/100/e)	4.0	0.9	0.0	12.3	13.9	0.0	3.65	26.2	1.12	1.12	3.44	2.82	23.0	10.0	28	40.00	14.18	0.00	_	0	41	14	48	37	1.95	3.26
AbbotLab(10/50/g)	2.3	2.6	0.0	21.5	34.5	0.3	0.69	2.0	0.22	0.97	0.58	1.30	3.4	0.0	NA	37.50	28.76	89:1	80	40	73	38	55	37	NA	1.74
ACC(100/5/a)	56.0	81.3	0.0	245.3	537.2	16.3	26.89	4.9	-5.64	-23.61	18.71	-6.72	-6.2	0.00	NA	507.00	NA	1:5	86	33	374	230	507	229	NA	2.07
AdvaniOer(10/100/b)	7.0	8.9	2.6	22.7	122.0	1.8	4.57	3.7	0.84	0.90	3.37	1.80	3.0	10.0	117	17.50	9.72	1:1	86	46	18	8	19	15	8.57	0.77
AlembicChem(100/5/c)	4.1	9.1	7.2	319.7	84.2	1.7	3.55	4.1	1.70	1.74	3.23	34.39	10.0	18.0	36	280.00	8.14	1:3	66	18	450	260	440	280	5.37	0.88
AlfaLaval(10/50/d)	7.8	19.0	0.0	34.3	68.2	4.3	9.86	13.6	7.77	7.77	7.86	12.42	23.2	20.0	17	124.00	9.98	1:2	89	63	140	72	130	95	1.34	3.61
AmalRasayan(10/50/e)	1.5	2.5	2.3	26.6	22.4	0.4	3.60	15.8	2.35	2.35	3.42	15.88	37.5	25.0	16	44.00	2.77	0.00	_	0	148	19	83	44	5.68	1.65
AmritBan(10/100/e)	2.1	13.9	6.9	77.3	221.7	3.4	6.01	2.7	-0.81	0.93	6.01	-4.11	-3.7	10.0	24	40.00	NA	1:1	89	39	118	80	56	38	2.54	0.52
AntifricBear(10/100/e)	3.2	6.0	0.0	28.6	41.9	1.1	6.05	14.1	2.67	2.68	4.60	8.08	28.3	20.0	25	65.00	8.04	1:2	81	23	60	9	74	60	3.10	2.27
AP Paper(100/5/f)	5.6	6.8	0.0	220.1	69.7	1.1	3.97	5.6	2.21	2.21	3.97	29.44	23.8	0.0	NA	875.00	29.72	1:4	80	20	830	67	1100	625	NA	3.98
AppleInds(10/50/b)	3.8	1.9	0.0	15.1	11.3	0.1	4.38	38.6	2.53	2.41	4.05	10.12	29.8	23.3	54	35.50	3.51	0.00	_	0	35	12	NA	NA	9.84	2.35
ArvindMills(10/50/d)	7.1	34.6	0.0	58.5	190.0	5.8	10.16	5.2	3.95	5.14	9.46	6.92	7.6	24.0	32	57.50	8.30	1:3	86	55	44	25	55	48	4.02	0.98
Asea Br Bv(10/50/h)	5.3	16.6	8.9	41.4	139.2	4.9	4.52	3.1	3.10	3.51	4.21	5.38	11.0	25.1	34	77.50	14.40	1:3	78	30	910	600	NA	NA	2.96	1.87
AsianBearings(10/50/e)	7.4	3.6	0.0	14.8	15.5	0.9	0.61	3.7	-1.54	-0.61	0.14	-2.07	-14.0	0.0	NA	16.00	NA	0.00	_	0	NA	NA	NA	NA	NA	1.08
AsianCab(10/50/e)	5.6	7.3	6.2	23.1	65.4	3.6	5.19	7.5	2.49	3.62	4.69	3.81	11.2	12.0	21	30.00	7.87	1:3	81	25	72	26	38	27	4.00	1.30
AsianPaints(10/50/d)	12.4	41.0	0.0	43.0	272.1	1.7	24.25	8.9	15.12	13.49	18.25	15.12	22.5	33.6	39	231.25	15.29	1:2	87	86	231	161	255	208	1.82	5.38
Assam Co(10/50/f)	7.0	26.0	0.0	47.2	46.1	0.9	12.48	26.6	8.81	8.81	9.98	9.44	35.6	66.7	40	118.75	12.58	1:1	89	50	138	65	149	118	4.21	2.52
Astra-IDL(10/50/f)	2.5	3.0	0.0	21.9	14.0	0.2	1.47	10.4	0.92	0.92	1.23	2.76	22.4	13.3	27	45.00	16.30	0.00	_	0	55	24	48	38	2.22	2.06
AtlasCopco(10/50/d)	7.3	7.8	0.0	20.7	56.7	3.0	2.69	4.5	0.70	0.59	2.39	1.21	3.7	8.0	124	36.00	29.83	1:2	87	82	57	32	49	33	2.80	1.74
AtlasCycle(10/50/f)	1.2	7.6	7.0	76.3	76.8	1.7	2.02	2.6	1.10	1.10	2.02	6.98	9.1	20.0	16	70.00	10.03	1:2	87	80	150	80	80	70	2.11	0.92
AveryIndia(10/50/d)	4.2	11.9	0.0	38.3	44.0	0.9	9.27	20.7	4.02	4.07	4.87	11.96	20.0	28.0	36	109.00	9.11	2:5	84	58	169	93	124	109	3.21	2.85
A.Sarabhai(10/50/e)	18.8	23.1	0.0	22.3	134.8	2.6	4.78	3.5	3.39	2.40	4.61	1.81	8.1	0.0	NA	15.00	8.31	1:5	82	17	26	12	26	11	NA	0.67
BajajAuto(10/50/f)	18.8	346.6	0.0	194.3	599.5	24.7	72.97	11.7	30.50	30.40	68.47	12.16	11.1	46.7	22	472.50	38.85	1:1	87	95	453	290	472	355	0.74	2.43
BajajElec(100/5/f)	1.9	6.6	2.9	443.8	70.0	2.3	2.99	4.1	1.65	1.55	1.90	64.45	19.2	33.3	15	800.00	12.41	1:1	89	50	1450	600	800	540	1.56	1.80
BajajHind(100/5/a)	5.6	23.0	39.9	510.0	75.1	1.5	4.04	5.3	0.60	1.33	3.30	7.14	1.3	18.0	50	510.00	71.40	1:4	86	95	600	380	560	360	2.35	1.00
BajajTempo(10/50/b)	6.6	30.8	0.0	56.7	259.1	4.8	27.73	10.5	3.65	3.73	27.48	8.30	6.5	13.3	35	157.50	18.99	1:1	86	87	152	100	158	118	1.27	2.78
BakeliteHyl(10/50/f)	4.5	10.1	9.4	32.4	55.8	2.2	3.57	6.2	1.66	1.88	3.07	2.77	9.2	18.7	34	36.00	13.01	2:3	80	78	61	24	49	29	3.89	1.11
BallarpurInds(10/100/f)	21.0	66.2	187.5	41.5	364.6	8.1	28.05	7.5	11.65	11.70	25.70	4.11	5.6	24.0	33	160.00	38.97	1:2	89	74	225	64	162	112	1.12	3.85
BarodaRayon(100/5/f)	18.0	32.4	0.0	280.0	132.9	1.0	18.25	13.6	11.30	11.33	16.15	46.74	29.7	20.0	17	895.00	19.15	1:2	82	23	837	285	910	618	1.21	3.20
BASF(10/50/d)	4.3	11.1	2.6	36.2	84.6	5.3	10.32	11.5	3.63	3.47	6.39	10.59	16.0	20.0	26	157.50	14.87	1:2	88	56	155	102	163	123	1.34	4.36
Bata(10/50/e)*	10.5	17.5	0.0	26.7	259.0	0.4	4.81	1.9	1.41	2.46	3.36	1.34	5.0	10.00	43	65.00	48.40	1:1	87	93	159	52	82	64	1.54	2.43
Bayer(100/5/d)	16.2	15.6	0.0	196.0	162.3	2.3	17.71	10.8	9.32	9.25	12.10	71.82	23.5	24.0	53	775.00	10.79	1:1	87	78	910	580	880	775	3.87	3.95
BergerPaints(10/100/f)	3.8	9.9	3.3	36.0	65.9	0.6	1.46	2.2	0.94	0.94	1.32	1.86	7.4	26.7	30	42.50	22.91	1:1	88	52	76	37	53	38	1.73	1.18
Best&Cromp(10/50/e)	7.1	19.1	2.3	37.0	145.4	2.5	2.81	1.9	0.53	0.53	1.98	0.73	1.8	10.0	90	36.00	49.02	3:5	82	27	96	31	59	36	1.84	0.97
BhadrachalamP(10/50/b)	10.6	19.8	0.0	28.8	101.1	0.7	12.08	11.9	6.01	6.94	10.87	8.40	13.0	23.3	54	81.25	9.67	0.00	_	0	121	31	124	80	4.31	2.83
BharatForge(10/50/b)	14.2	25.7	0.0	28.1	235.1	12.8	22.07	8.9	12.33	12.84	19.32	12.99	20.6	25.0	21	98.75	7.60	1:1	88	61	202	65	101	85	1.88	3.52
BharatVijay(100/5/d)	2.8	10.9	6.8	493.1	78.4	1.7	6.92	8.6	3.96	3.81	7.25	178.70	15.5	20.0	18	560.00	3.13	1:6	83	54	895	525	575	480	4.45	1.14
BiharAlloy(10/50/d)	8.2	0.9	0.0	11.1	113.1	1.4	6.12	5.3	2.84	2.77	5.96	4.10	23.6	0.0	NA	25.00	6.10	0.00	_	0	51	32	40	24	NA	2.25
BimetalBearings(10/50/f)	1.9	10.9	0.0	67.1	16.9	0.5	4.33	24.8	2.16	2.16	3.08	8.48	22.5	36.7	25	97.50	11.50	1:1	89	52	145	41	100	80	2.85	1.45
BindalAgro(10/50/e)*	14.9	42.5	0.0	38.6	103.7	2.7	8.52	8.0	7.53	7.53	8.52	5.07	13.1	50.00	24	37.50	7.40	0.00	_	0	120	22	80	41	3.30	0.97
BirlaJute(10/100/e)	20.4	168.0	0.0	92.5	401.8	15.9	31.16	7.5	11.04	11.04	29.06	5.42	5.9	18.0	33	81.00	14.95	1:1	86	86	74	40	81	52	2.22	0.88
BlueStar(10/50/f)	3.6	11.9	5.3	43.4	101.0	9.2	4.36	4.0	2.72	2.72	3.65	5.73	17.4	24.0	24	85.00	14.85	3:5	86	83	83	54	90	70	2.12	1.96
BombayDyg(10/50/e)	11.2	70.7	0.0	72.9	356.1	4.8	41.83	11.6	18.03	18.03	38.52	16.04	22.0	30.0	19	237.00	14.77	1:1	79	87	210	104	237	173	1.27	3.25
Boots(10/50/e)	8.1	8.8	0.0	20.8	61.0	1.7	8.49	13.5	4.43	3.86	5.57	5.47	26.3	23.0	48	102.50	18.74	1:1	87	86	148	100	138	90	2.24	4.92
Britannia(10/100/g)	18.6	22.0	0.0	21.8	355.4	8.5	20.54	5.6	10.99	10.99	12.84	7.89	20.3	24.0	36	117.50	14.89	1:2	89	89	140	82	118	52	1.81	5.38
BrkBond(10/50/e)#	44.2	39.8	0.0	19.0	539.4	12.3	51.91	9.4	27.99	28.66	6.98	6.20	32.7	30.0	46	115.50	19.03	4:5	89	83	156	76	117	92	2.60	6.08
BST (10/50/b)	3.7	1.5	9.2	14.1	49.6	10.2	-0.82	-1.4	-1.71	-1.47	-0.82	-7.22	-8.2	0.0	NA	6.00	NA	1:1	74	36	11	6	NA	NA	NA	0.43
CableCorp(10/100/d)	9.0	18.7	0.0	30.7	122.1	4.9	19.17	15.1	10.34	10.17	12.59	14.36	29.9	22.0	24	66.00	4.60	1:2	87	71	92	58	83	60	4.18	2.15
Cadburys(10/50/f)	8.4	12.1	0.0	24.4	67.5	0.8	8.08	11.8	4.45	4.47	5.78	3.97	29.0	33.3	47	147.50	37.12	1:1	87	80	157	98	173	134	1.69	6.06
Camphor&Allied(100/5/d)	2.6	8.2	0.0	415.0	35.9	0.4	6.13	16.9	3.81	3.78	4.73	183.17	28.2	20.0	17	70.00	0.38	1:3	82	53	355	123	NA	NA	35.71	0.17
Carborundum(10/50/e)**	5.9	21.1	5.1	45.7	64.2	1.6	11.52	17.5	5.72	5.72	7.92	9.66	17.8	25.00	26	79.00	8.18	2:5	87	83	NA	NA	108	75	3.16	1.73
Ceat(10/50/e)	14.8	75.4	26.1	61.1	410.2	11.0	42.29	10.0	21.35	21.27	27.79	14.46	18.4	30.0	21	90.00	6.22	1:2	86	37	180	91	160	74	3.33	1.47
Cemindia Co(10/50/b)	1.3	8.1	0.0	73.1	26.0	0.1	3.07	11.7	1.30	1.32	2.37	15.23	9.3	26.7	39	86.25	5.66	3:5	84	38	130	68	125	86	4.62	1.18
ChowguleStShip(10/50/e)	10.0	0.1	0.0	10.1	42.9	0.4	13.67	31.6	4.86	4.86	13.67	4.86	48.3	0.0	NA	27.75	5.71	5:2	77	35	20	3	34	23	NA	2.76
ClassicDia(10/100/d)	3.5	2.5	0.0	17.2	46.7	0.1	3.02	6.5	2.92	2.92	2.93	10.43	38.8	12.0	14	59.00	5.66	0.00	_	0	41	9	84	58	1.94	3.43
CochinRef(100/5/e)	68.5	82.2	0.0	220.0	1164.2	3.3	61.78	5.3	41.50	41.56	54.92	60.61	27.6	18.0	4	810.00	13.36	0.00	_	0	510	265	810	595	0.32	3.68
ColourChem(100/5/e)	7.9	13.4	0.0	268.8	101.5	4.6	6.46	6.1	3.02	3.66	5.41	38.04	14.2	22.0	48	600.00	15.77	2:5	80	84	700	410	825	575	3.67	2.23
ConFound(10/100/b)	0.5	1.2	0.0	32.5	5.2	0.1	0.97	18.2	0.10	0.81	0.95	2.88	3.9	20.0	20	30.00	10.40	0.00	_	33	NA	NA	NA	NA	10.26	0.92
CromptonGr(100/[illegible])	9.6	39.1	28.5	507.0	320.2	3.0	14.82	4.6	7.75	8.91	12.52	60.55	13.4	24.0	19	1025.00	16.93	1:1	89	69	1425	600	1100	800	1.76	2.02

NOTE: The year 31 March for all above companies unless otherwise indicated. The accounting period in each case is, however, mentioned in the bracket following the company's name: a-8 months; b-18 months; c-10 months; d-15 months; e-12 months; f-9 months; g-16 months; h-11 months; i-14 months; j-17 months; k-13 months; l-7 months. (* ended Dec88, ** ended Aug88, + ended Sep88, ++ ended Jul88).

Where the accounting period is other than 12 months, the figures for EPS, return on net worth and dividend have been annualised.

VITAL STATISTICS

Company (The figures following the company name indicate face value and market lot in that order)	Eq Cap RsCr	Free Res RsCr	Revl Res RsCr	Book Value Rs	Gross Sales RsCr	Other Inc RsCr	Gross Profit RsCr	GrPr Mgn (%)	PAT RsCr	Adj PAT RsCr	Cash Earn RsCr	EPS Rs	Ret/ Net Worth (%)	Div (%)	Pay Out (%)	Mkt Price 21June	P/E Multiple	Last Bonus Ratio	Last Bonus Year	Bonus % in Cap	MarketPrice 1989 High Rs	MarketPrice 1989 Low Rs	MarketPrice 1990 High Rs	MarketPrice 1990 Low Rs	Yield on Mkt Price (%)	Price to BkVal Times
Cyanamid(10/50/g)	5.3	9.8	0.0	28.6	64.1	2.0	5.87	8.9	2.96	0.55	4.79	7.52	14.8	15.0	191	97.50	12.97	9:4	79	74	108	55	115	86	2.05	3.41
DCM(10/100/f)	23.0	31.8	0.0	23.8	552.6	13.1	15.14	2.7	4.15	6.54	15.03	1.35	10.1	0.0	NA	47.00	34.76	4:5	71	61	85	31	60	47	NA	1.97
DCW(10/50/b)	5.9	20.4	14.8	44.6	170.3	3.8	7.88	4.5	3.85	3.85	7.38	9.80	6.2	21.3	29	68.50	6.99	1:1	88	67	44	25	69	40	2.73	1.54
DeepakFert(10/50/e)	14.8	11.1	0.0	17.5	45.9	2.3	16.26	33.7	6.96	6.94	14.68	4.54	25.9	18.0	40	29.50	6.50	0.00	_	0	52	23	39	26	6.10	1.69
DeepakNitrite(10/50/j)	2.4	5.7	9.3	33.3	39.6	3.4	5.42	12.6	2.08	2.72	4.35	12.13	8.4	25.0	25	96.25	7.94	2:5	85	81	54	27	105	80	2.91	2.89
DharamsiMor(10/50/d)	6.4	10.5	0.0	26.4	124.1	3.1	5.95	4.7	1.99	2.28	5.55	3.87	9.4	16.0	56	62.00	16.00	2:5	79	88	46	27	63	40	3.22	2.35
Dunlop(10/100/e)	19.0	64.8	94.6	44.1	407.7	10.3	32.06	7.7	9.99	9.99	23.24	5.24	5.6	30.0	57	57.00	10.88	1:3	76	54	100	61	75	53	5.27	1.29
Duphar (10/50/d)	1.8	3.2	0.0	27.2	31.3	1.0	1.84	5.7	0.77	1.25	1.65	5.23	12.3	14.0	20	60.00	11.47	1:3	88	74	85	38	70	40	2.26	2.21
EicherMot(10/100/h)	10.0	0.3	0.0	10.3	92.1	0.6	-2.74	-3.0	-3.42	-3.42	-2.74	-3.14	-36.4	0.0	NA	26.00	NA				17	9	26	16	NA	2.54
EIDParry(10/50/e)	6.3	14.5	13.3	33.1	206.7	27.3	15.40	6.6	9.42	9.42	12.59	15.00	27.6	25.0	17	88.75	5.92				72	34	93	72	2.82	2.68
EleconEngg(10/50/d)	5.7	27.0	0.0	57.7	150.0	1.4	13.11	8.7	3.27	3.25	10.94	7.23	8.0	16.0	35	66.00	9.12	3:5	87	61	85	50	88	66	3.03	1.14
ElgiEquip(10/50/h)	1.0	9.4	0.0	103.8	44.6	0.5	3.33	7.4	2.09	2.09	3.08	19.16	22.0	19.6	9	235.00	12.27	1:1	86	88	340	260	260	200	0.77	2.26
Enfield(10/100/f)	5.0	0.0	9.0	10.0	53.9	0.2	0.74	1.4	-1.36	-1.36	0.74	-2.25	-14.3	0.0	NA	14.75	NA	1:1	85	31	14	9	21	13	NA	1.48
EnglishElect(10/100/e)	9.0	18.2	0.0	30.2	60.9	1.1	4.88	7.9	2.46	2.46	3.51	2.73	9.1	7.5	28	69.00	25.24	1:1	87	75	72	47	77	56	1.10	2.29
Escorts(10/50/d)	33.9	91.0	23.7	36.9	759.0	24.4	32.81	4.2	18.00	18.31	29.40	6.64	9.7	22.4	48	99.50	14.99	3:5	86	57	84	58	100	78	2.61	2.70
Eskayef(10/50/g)	7.5	21.0	0.0	38.0	68.5	1.4	13.00	18.6	8.22	8.60	8.45	14.61	21.6	20.3	24	130.00	8.90	1:2	88	33	151	102	143	121	2.08	3.42
EssarShip(10/100/b)	46.1	47.8	0.0	20.4	142.9	1.5	45.49	31.5	19.39	19.52	43.34	6.28	13.7	20.0	68	34.75	5.53				35	16	37	26	8.25	1.71
EssenComp(10/50/h)	1.3	6.6	0.0	59.9	16.8	1.2	2.40	13.3	1.64	1.64	1.79	11.30	22.4	24.0	9	65.00	5.75	0.00	_	0	NA	NA	83	48	1.62	1.08
EverestBldg(10/50/d)	2.5	12.7	0.0	61.4	92.6	2.3	7.22	7.6	4.83	4.04	5.89	24.44	25.5	32.0	25	177.00	7.24	1:3	66	41	150	102	185	133	2.26	2.88
ExcelInd(10/50/b)	4.6	11.5	0.0	34.9	103.2	8.2	12.05	10.8	7.17	6.77	9.95	23.28	29.7	66.7	68	180.00	7.73	4:5	84	82	180	116	189	180	5.56	5.16
FerroAlloys(10/50/f)	5.5	29.9	0.0	641.8	158.6	3.7	22.43	13.8	12.50	11.30	19.15	169.84	47.0	26.7	10	72.50	0.43	1:2	80	43	1675	580	126	65	27.49	0.11
FinolexCables(10/50/g)	3.2	30.8	0.0	105.1	126.1	6.1	29.12	22.0	19.02	19.02	22.43	78.27	41.9	45.0	10	215.00	2.75	4:5	88	44	430	220	283	203	2.78	2.05
FinolexPipes(10/100/l)	9.0	9.9	0.0	21.1	38.3	1.6	2.32	5.8	1.82	1.89	2.32	1.18	16.5	25.7	11	34.00	28.76				51	44	65	33	0.69	1.61
GE Shipping(10/100/f)	64.9	57.9	0.0	18.9	111.9	2.4	45.06	39.4	22.74	23.46	40.68	2.63	24.7	16.0	28	43.25	16.45	2:3	81	36	53	33	55	43	2.38	2.28
GeneralElect(10/50/e)	7.2	27.9	0.0	48.7	149.3	2.4	7.23	4.8	3.06	10.03	4.32	4.25	8.7	15.0	11	19.00	4.47	1:1	89	53	85	46	22	19	7.89	0.39
GermanRem(100/50/d)	3.3	5.4	0.0	26.7	56.4	0.9	2.11	3.7	0.77	1.01	1.91	2.95	7.1	12.0	49	147.50	49.96	3:5	82	80	102	60	148	68	1.02	5.53
Glaxo(10/50/f)	20.0	46.1	0.0	33.0	223.5	7.6	15.25	6.6	7.60	13.64	12.83	2.85	15.3	26.7	29	99.50	34.91	1:3	80	54	107	70	128	91	2.01	3.01
GNFC(10/50/f)	89.0	101.2	0.0	21.4	238.8	3.2	20.07	8.3	22.76	22.76	34.80	1.92	16.0	13.3	39	36.00	18.77				57	28	48	36	2.78	1.68
GodfreyPhil(10/100/d)	2.6	3.8	0.0	24.6	452.0	1.8	4.93	1.1	1.47	1.47	3.19	6.97	18.2	28.0	63	80.00	11.48	1:1	75	34	62	25	85	55	4.38	3.26
GokakPatel(10/50/f)	6.5	19.1	0.0	39.3	60.9	5.9	6.30	9.4	3.91	3.91	6.05	4.50	20.3	26.7	33	116.25	25.85	1:1	87	79	120	67	118	75	1.72	2.96
GoodlassNero(10/50/f)	3.2	6.2	8.0	29.0	84.8	0.9	1.49	1.7	0.95	0.95	1.28	2.20	7.3	16.7	43	65.00	29.56	5:7	78	57	90	42	83	60	1.95	2.24
GordonWood(10/50/e)	2.5	3.7	3.4	24.7	16.8	0.2	-1.73	-10.2	-1.87	-1.87	-1.73	-7.51	-19.6	0.0	NA	9.00	NA	0.00	_	0	14	3	NA	NA	NA	0.36
Graphite(10/50/d)	4.2	9.6	0.0	32.8	58.6	2.3	4.16	6.8	2.13	2.13	3.72	6.24	12.2	16.0	40	37.00	5.93	1:2	80	56	38	18	39	15	5.39	1.13
Grasim(10/50/e)	48.5	217.7	0.0	54.9	803.0	32.2	92.27	11.0	39.64	48.33	73.12	8.13	14.8	27.5	22	124.00	15.24	3:4	88	61	137	75	200	106	1.73	2.26
GreavesCot(100/5/f)	9.9	23.2	0.0	334.9	142.8	3.0	8.08	5.5	5.02	5.01	6.44	37.88	20.1	24.0	24	660.00	17.42	1:2	88	86	720	375	710	625	1.81	1.97
GSFC(10/50/d)	44.9	208.5	0.0	56.4	676.3	14.7	70.61	10.2	35.55	48.66	61.51	9.88	11.2	30.0	21	200.00	20.24	3:10	87	64	190	123	202	166	1.12	3.54
GTC Ind(10/50/f)	5.0	58.9	0.0	127.9	157.4	13.6	4.43	2.6	1.92	1.92	2.28	2.88	4.0	32.0	63	31.00	10.76	1:4	72	66	28	13	34	21	7.74	0.24
Guj Alkalies(10/50/e)	17.9	31.0	0.0	27.3	101.0	1.3	15.69	15.3	8.01	5.73	16.89	4.47	16.4	26.0	81	90.00	20.12	1:5	87	18	78	62	90	75	2.89	3.30
Guj Ambuja(10/100/e)	20.0	5.6	0.0	12.8	94.2	1.4	11.58	12.1	3.86	3.97	11.59	1.93	15.1	12.0	60	44.35	22.98				28	14	45	21	2.71	3.47
Guj Steel(10/50/e)	4.6	9.8	7.3	313.0	116.2	1.8	3.39	2.9	1.80	1.59	4.15	39.13	8.3	15.0	43	25.75	0.66	1:1	82	57	380	210	36	25	58.25	0.08
HCL(10/100/e)	14.9	24.7	0.0	26.6	172.5	2.0	11.39	6.5	9.60	9.60	10.93	6.46	24.3	10.0	15	28.00	4.33				43	27	37	24	3.56	1.05
HDFC(100/10/f)	20.0	44.6	0.0	322.9	107.5	0.2	18.69	17.3	16.47	14.50	17.96	61.76	34.0	18.7	19	415.00	6.72				345	175	415	330	3.37	1.29
Herdillia(10/50/f)	7.4	24.4	15.0	43.2	65.1	1.5	9.83	14.8	6.24	5.66	7.72	6.37	17.8	28.0	27	83.75	13.15	1:2	78	33	112	66	100	83	2.50	1.94
HeroHonda(10/50/f)	16.0	3.8	0.0	12.3	101.7	2.8	-1.38	-1.3	-4.97	-4.70	-1.38	-3.11	-25.2	0.0	NA	25.00	NA				39	16	25	15	NA	2.02
HindLever(10/50/e)#	93.3	135.2	0.0	24.5	1008.2	3.0	105.1	10.4	53.81	55.37	7.42	5.76	23.5	35.0	59	123.50	20.23	1:1	87	91	102	69	124	101	2.83	5.04
Hind Ciba(100/5/d)	17.7	40.1	0.0	326.3	255.5	3.7	31.40	12.1	14.91	13.59	22.17	105.24	20.6	24.0	39	1390.00	13.21	1:2	80	74	1465	600	1660	960	2.16	4.26
Hind Motors(10/100/e)	26.4	46.0	32.3	27.4	525.9	13.2	5.34	1.0	-5.81	-4.77	5.34	-2.20	-5.6	7.5	-41	32.75	NA	1:1	86	58	51	20	33	20	2.28	1.19
HMM (10/50/h)	14.2	20.8	0.0	24.6	100.9	3.9	20.21	19.3	12.84	14.43	13.61	8.30	40.1	53.5	48	310.00	37.35	1:1	87	96	270	155	320	230	1.58	12.58
Hoechst(100/5/d)	9.6	32.8	17.5	442.1	239.4	29.6	8.55	3.2	4.51	4.51	7.70	58.85	6.0	16.0	43	1800.00	30.59	1:2	82	72	2040	490	2300	1260	1.11	4.07
HyderabadInd(10/50/d)	5.5	33.6	8.9	70.8	143.9	5.9	11.74	7.8	6.23	6.23	8.55	14.08	10.4	20.0	23	90.50	6.43	1:1	88	82	153	77	NA	NA	2.84	1.28
ICI·(10/50/b)	40.9	84.2	39.4	30.6	693.6	170.2	42.45	4.9	20.90	21.80	41.17	7.67	8.5	15.0	42	37.00	4.82	1:3	78	21	69	37	40	37	6.08	1.21
IndiaCements(10/50/e)	4.9	19.0	24.8	48.8	132.2	4.8	3.00	2.2	-1.16	-0.87	3.00	-2.37	-2.4	8.0	-45	37.00	NA	2:5	70	29	32	13	37	15	2.15	0.76
IndiaFoils(10/50/d)	4.4	15.1	3.8	44.5	105.2	9.3	6.23	5.4	2.70	2.70	4.33	7.71	9.3	24.0	49	77.50	10.06	1:4	82	11	103	61	96	77	3.86	1.74
IndianAlum(10/100/d)	41.5	66.8	0.0	26.1	446.5	8.5	46.87	10.3	27.73	28.22	38.62	8.35	20.5	20.0	37	146.25	17.51	2:5	77	38	193	49	176	110	1.71	5.61
IndianDystuff(100/5/e)	11.3	13.4	18.5	218.6	190.5	13.2	5.46	2.7	0.82	1.59	5.46	7.24	1.9	10.0	59	347.50	47.97	1:4	80	40	260	165	380	250	2.39	1.59
IndianHotels(10/50/e)	14.8	49.7	0.0	43.6	115.9	1.9	17.11	14.5	9.37	9.37	15.61	6.34	14.5	30.0	32	90.50	14.28	1:2	89	50	150	80	93	83	2.21	2.08
IndianOrganic(10/50/e)	18.4	20.6	´0.0	21.2	215.7	5.9	17.48	7.9	5.44	5.44	16.76	2.96	13.9	10.0	34	60.00	20.29	1:2	85	46	54	23	60	46	1.67	2.83
IndianRayon(10/50/e)	25.4	122.3	68.5	58.1	309.7	9.6	31.00	9.7	9.82	10.88	31.01	3.81	4.5	28.0	66	113.25	29.70	1:4	80	3	106	75	114	84	2.47	1.95
IndiaSteamship(10/50/e)	9.9	-53.5	0.0	-44.1	83.7	8.7	22.70	24.6	11.61	11.61	22.69	11.72	-26.6	0.0	NA	14.00	1.19	1:1	75	27	17	10	19	12	NA	NA
Indrol(10/50/e)	6.2	24.3	1.9	49.5	154.9	2.3	11.76	7.5	7.27	9.84	8.66	11.80	22.4	36.0	19	235.00	19.91	1:1	86	41	335	175	246	161	1.31	4.75

NOTE: The year 31 March for all above companies unless otherwise indicated. The accounting period in each case is, however, mentioned in the bracket following the company's name: a-8 months; b-18 months; c-10 months; d-15 months; e-12 months; f-9 months; g-16 months; h-11 months; i-14 months; j-17 months; k-13 months; l-7 months. (ended Dec88, ** ended Aug88, + ended Sep88, ++ ended Jul88).*

Where the accounting period is other than 12 months, the figures for EPS, return on net worth and dividend have been annualised.

INVESTMENT WORLD

VITAL STATISTICS

Company (The figures following the company name indicate face value and market lot in that order)	Eq Cap RsCr	Free Res RsCr	Revl Res RsCr	Book Value Rs	Gross Sales RsCr	Other Inc RsCr	Gross Profit RsCr	GrPr Mgn (%)	PAT RsCr	Adj PAT RsCr	Cash Earn RsCr	EPS Rs	Ret/Net Worth (%)	Div (%)	Pay Out (%)	Mkt Price 21June	P/E Multiple	Last Bonus Ratio	Last Bonus Year	Bonus % in Cap	MarketPrice 1989 High Rs	MarketPrice 1989 Low Rs	MarketPrice 1990 High Rs	MarketPrice 1990 Low Rs	Yield on Mkt Price (%)	Price to BkVal Times
IngersollRand(10/50/d)	15.8	23.1	0.0	24.6	102.3	7.2	21.73	19.8	13.21	13.21	14.51	10.46	27.2	36.0	27	222.50	21.26	1:1	89	97	425	180	245	190	1.01	9.03
IOL (10/50/b)	14.6	19.2	13.5	23.2	221.8	0.7	12.94	5.8	4.17	5.70	12.16	4.28	5.9	6.7	26	38.00	8.87	1:3	85	81	50	41	40	33	2.63	1.64
ITC (10/100/f)	66.3	41.9	84.5	16.3	1058.7	9.0	53.00	5.0	29.20	29.20	34.99	3.30	20.2	53.3	45	78.50	23.78	1:1	89	63	130	40	79	50	2.55	4.81
JagtjitInd(10/100/e)	6.1	19.1	3.9	41.5	121.8	1.8	12.99	10.5	8.45	8.45	10.40	13.93	29.1	35.0	25	100.00	7.18	1:1	88	92	120	60	120	74	3.51	2.41
JaiprakashInd(10/100/d)	66.1	41.9	9.5	16.3	217.4	20.4	35.49	14.9	11.90	12.36	33.26	2.25	8.1	14.4	96	15.25	6.78				17	10	19	13	11.75	0.93
JayshreeTea(10/50/e)	6.2	15.1	23.6	34.6	97.4	14.1	7.96	7.1	1.03	2.68	6.99	1.67	2.3	15.0	34	130.00	77.62	1:2	85	92	113	47	135	77	1.15	3.76
Jenson&Nichol(10/50/f)	1.5	4.5	2.2	39.9	53.8	0.4	1.80	3.3	1.16	1.17	1.59	5.75	18.8	20.0	20	69.50	12.09	8:7	82	35	65	32	78	69	2.21	1.74
JindalStrips(10/100/f)	3.3	19.8	0.0	69.9	136.9	3.5	9.06	6.5	5.77	6.57	7.99	13.11	33.3	33.3	13	145.00	11.06	1:1	89	58	285	112	145	100	1.73	2.07
JK Syn(10/100/e)	38.4	130.0	107.0	43.8	764.5	9.7	64.80	8.4	18.35	18.86	62.60	4.69	6.5	22.0	39	58.50	12.48	1:3	83	53	92	55	68	50	3.18	1.34
JyotiInd(10/50/b)	2.7	10.2	8.6	48.1	59.1	0.6	-10.42	-17.5	-11.64	-11.62	-10.42	-65.15	-36.2	0.0	NA	16.00	NA	1:2	77	24	11	6	23	8	NA	0.33
KanoriaChem(10/100/f)	4.0	25.7	0.0	73.6	51.1	1.7	4.69	8.9	0.68	0.68	4.58	1.26	3.0	20.0	59	19.50	15.45	1:2	89	66	51	29	33	18	5.08	0.26
KEC Intl(10/50/b)	7.3	29.0	4.7	49.5	139.4	11.2	6.31	4.2	2.79	3.59	4.71	5.70	4.5	16.7	35	40.00	7.02	1:1	83	35	72	26	65	38	4.29	0.81
KesoramInd(10/100/e)	8.9	48.1	49.5	64.3	182.4	6.4	5.87	3.1	-6.19	-0.36	5.87	-7.14	-5.9	10.0		51.25	NA	1:2	79	67	66	39	54	42	1.94	0.80
KineticEngg(10/50/f)	2.4	19.5	0.0	91.1	88.0	1.5	9.30	10.4	3.27	2.88	9.30	10.22	19.9	40.0	13	163.00	15.95	1:1	89	78	395	120	165	134	0.92	1.79
KineticHonda(10/100/i)	10.0	2.8	0.0	12.8	69.9	1.2	3.17	4.5	1.57	1.36	3.18	1.83	10.5	0.0	NA	59.00	32.21				36	23	59	40	NA	4.60
KirloskarCum(10/50/e)+	26.4	27.1	0.0	20.3	181.9	4.4	23.68	12.7	11.40	10.18	18.68	4.29	21.2	22.50	59	76.25	17.78	1:1	86	94	100	43	90	65	2.95	3.76
KirloskarOil(10/50/f)	5.8	15.0	0.0	36.0	102.6	3.5	5.28	5.0	2.28	2.34	4.76	2.87	14.2	13.3	26	37.00	12.89	3:7	76	77	67	29	40	27	2.73	1.03
KirloskarPneu(10/50/b)	3.9	9.0	0.0	33.5	103.1	5.6	10.92	10.0	6.65	6.55	9.36	25.91	34.4	15.0	13	47.50	1.83				73	45	73	47	4.76	1.42
KothariInd(10/50/e)	7.6	5.8	41.5	17.7	74.4	2.6	5.38	7.0	3.55	3.55	5.09	4.70	6.5	12.5	26	49.00	10.42				34	6	51	32	2.54	2.78
KSB Pumps(10/50/d)	8.7	14.7	0.0	26.9	55.4	1.4	15.10	26.6	8.31	8.38	9.81	11.94	28.4	24.0	16	180.00	15.08	1:1	89	90	445	180	228	185	0.84	6.69
LakhanpalNat(10/50/e)	4.7	6.1	0.0	23.1	61.2	0.6	2.79	4.5	1.16	1.15	1.85	2.47	10.7	16.0	31	29.00	11.73	1:1	87	50	40	16	34	23	2.65	1.26
LakshmiMach(100/5/d)	6.1	18.9	0.0	409.7	614.0	10.0	16.42	2.6	6.97	6.80	15.77	143.06	22.3	16.0	18	990.00	6.92	1:2	89	58	700	365	990	690	2.02	2.42
L&T(10/50/b)	68.1	209.9	84.3	40.8	1197.1	16.0	109.4	9.0	36.52	42.49	96.56	8.05	6.7	20.0	41	71.50	8.89	3:5	86	56	128	69	122	57	3.56	1.75
MadrasCements(100/5/d)	3.0	12.0	0.0	498.0	99.7	1.4	4.85	4.8	-7.07	-6.71	4.81	-297.19	-38.2	0.0	NA	1250.00	NA				810	380	1250	421	NA	2.51
MaduraCoats(10/50/f)	21.8	46.8	56.9	31.4	210.0	1.7	20.74	9.8	11.43	11.49	18.79	3.93	12.1	33.3	48	126.25	32.15	1:2	86	47	109	90	127	101	1.98	4.02
MafatlalDyes(10/50/d)	3.2	7.9	0.0	35.0	52.6	1.9	2.78	5.1	1.49	1.49	1.63	5.91	10.8	13.6	19	29.00	4.90	1:4	89	67	70	27	39	29	3.17	0.83
MafatlalFine(100/5/e)	14.5	23.8	0.0	264.3	177.4	14.9	7.98	4.2	1.33	3.04	7.72	9.19	3.5	10.0	48	237.50	25.84	1:3	80	39	375	180	288	205	4.22	0.90
MafatlalInd(100/5/e)	13.5	43.5	0.0	423.6	125.3	10.5	8.41	6.2	0.65	0.67	7.51	4.83	1.1	20.0	322	540.00	111.74	1:5	78	32	390	255	590	360	2.97	1.27
MahScooters(10/50/e)	2.9	27.4	0.0	105.9	85.9	10.0	11.19	11.7	7.41	7.39	7.99	25.91	24.5	35.0	14	410.00	15.82	1:1	86	65	306	215	415	185	0.85	3.87
Mah&Mah(10/50/j)	19.3	76.2	29.8	49.5	955.9	36.9	45.58	4.6	18.54	20.09	42.48	13.64	10.5	24.7	34	86.25	6.32	2:3	84	72	113	76	103	68	4.14	1.74
Mang Chem(10/50/d)	12.4	12.4	0.0	20.0	144.8	36.3	10.09	5.6	8.85	12.74	18.84	8.91	28.6	8.0	10	17.00	1.91				54	17	24	16	5.87	0.85
May&Baker(10/50/d)	4.5	7.6	0.0	26.9	70.4	2.0	5.88	8.1	3.96	0.93	5.30	11.00	26.2	12.0	73	70.00	6.36				85	50	98	69	2.16	2.61
McDowells(10/100/f)	7.7	47.8	21.0	72.2	135.2	8.6	11.21	7.8	8.65	8.65	11.20	8.44	15.1	26.7	18	70.00	8.30	1:1	86	81	112	68	87	72	2.86	0.97
Mico (100/5/e)*	38.1	56.4	0.0	248.3	228.3	5.2	44.81	19.2	15.07	15.44	30.71	39.61	15.9	14.00	35	810.00	20.45	1:1	86	91	700	318	NA	NA	1.73	3.26
ModiInd(10/100/b)	3.3	0.0	0.0	10.0	230.7	6.4	-10.96	-4.6	-16.34	-8.39	-10.97	-74.23	-329.9	0.0	NA	17.00	NA	1:5	69	26	35	16	30	15	NA	1.70
ModiRubber(10/50/h)	10.4	52.5	0.0	60.6	408.9	5.0	26.13	6.3	13.51	13.51	22.13	11.93	23.4	27.3	19	67.00	5.62	0.00	_	0	125	70	75	44	3.74	1.11
ModiSteels(10/100/b)	2.4	1.8	0.0	17.6	21.5	0.6	1.41	6.4	1.02	0.98	1.21	6.48	16.3	16.00	22	34.00	5.24	1:1	87	14	44	23	44	23	2.74	1.93
ModiXerox(10/50/h)	19.5	1.8	0.0	10.9	87.2	0.9	8.70	9.9	4.29	3.57	7.97	2.02	22.1	12.0	56	65.00	32.18				73	52	75	64	1.57	5.96
MRF(10/50/b)	3.9	44.9	0.0	126.2	743.3	1.4	55.61	7.5	25.02	25.02	40.95	97.23	34.2	60.0	14	232.50	2.39	1:2	75	46	470	275	333	190	3.87	1.84
Mukand(10/50/f)	14.7	35.0	45.2	33.7	316.0	1.8	26.27	8.3	17.51	17.41	23.42	8.91	24.6	26.7	17	133.00	14.93	1:2	88	72	145	75	157	127	1.50	3.94
NationalSteels(10/50/e)	4.2	6.5	0.0	25.7	66.0	2.7	4.95	7.2	1.67	1.67	4.95	3.94	15.4	15.0	38	9.75	2.47				17	6	15	9	15.53	0.38
NatRayon(100/5/f)	6.0	-12.1	64.3	-101.3	123.0	1.0	3.31	2.7	1.73	1.31	3.31	20.34	3.7	0.0	NA	605.00	29.74	1:4	72	23	500	140	690	520	NA	NA
NipponDenro(10/100/b)	11.6	14.8	0.0	22.7	155.8	3.0	10.73	6.8	5.13	5.13	10.08	6.62	13.0	20.0	57	37.00	5.59				63	31	58	36	6.74	1.63
Nirlon(10/50/b)	15.8	8.5	16.7	15.4	153.9	2.1	-32.90	-21.1	-51.02	-73.38	-32.90	-48.56	-83.1	0.0	NA	16.00	NA	1:2	82	48	17	8	22	14	NA	1.04
NOCIL(100/5/d)	36.0	82.0	0.0	327.8	449.6	16.2	75.77	16.3	40.74	40.79	55.77	141.46	27.6	32.0	35	1255.00	8.87	1:2	86	67	1690	710	1660	1070	3.19	3.83
OrientalCarbon(10/50/e)	2.4	8.6	6.4	45.5	50.5	0.2	3.50	6.9	1.40	1.40	3.25	5.79	8.0	22.5	39	37.00	6.40	1:3	89	25	65	34	NA	NA	6.03	0.81
OrientPaper(10/100/e)	11.5	80.9	0.0	80.6	190.3	4.6	8.23	4.2	0.93	3.03	8.03	0.79	1.0	10.0	38	85.00	107.0	1:1	86	94	79	20	85	65	1.18	1.05
Orissa Cement(10/100/d)	5.4	26.7	23.7	59.4	141.5	3.8	8.22	5.7	0.25	6.28	8.22	0.58	0.4	16.0	17	40.00	69.12	1:1	87	58	37	32	42	25	5.00	0.67
Otis(10/50/g)	5.0	15.1	0.0	39.9	78.6	1.5	14.60	18.2	7.42	7.42	9.23	19.63	27.7	30.0	27	212.50	10.83	1:1	85	86	215	170	265	190	1.89	5.32
ParkeDavis(10/50/g)	7.5	7.3	0.0	19.7	100.8	1.0	6.16	6.1	3.06	3.37	4.16	5.42	15.5	26.3	78	107.00	19.75	3:5	78	31	115	37	113	83	3.28	5.43
PeicoElec(10/100/d)	33.3	19.9	20.0	16.0	506.3	6.0	-3.15	-0.6	-17.00	-13.49	-15.61	-6.38	-18.6	0.0	NA	39.50	NA	1:5	82	49	30	15	40	17	NA	2.47
PhillipsCarbon(10/50/e)	5.3	6.6	4.2	22.5	65.0	1.7	2.69	4.0	1.21	1.21	1.69	2.30	7.5	18.0	79	46.00	20.00	2:5	84	70	47	27	48	40	3.93	2.05
Polyolefins(100/5/d)	19.3	45.0	0.0	333.3	224.7	12.2	41.60	17.6	27.12	27.12	32.39	175.65	33.7	28.0	25	1100.00	6.26	1:2	88	69	1450	890	1525	1025	3.18	3.30
PrakashTubes(10/50/e)	3.5	11.5	0.0	42.7	71.3	0.5	5.27	7.3	2.56	2.56	4.79	7.29	17.1	21.0	29	33.00	4.52	3:4	81	9	59	30	37	33	6.39	0.77
PremierAuto(10/50/e)	21.1	62.1	50.7	39.5	452.2	13.0	24.78	5.3	13.65	13.74	21.33	6.48	10.2	27.0	35	60.50	9.33	1:1	86	38	76	39	75	54	3.75	1.53
Procter&Gamble(10/50/e)	6.7	11.6	0.0	27.4	65.4	2.1	9.11	13.5	6.15	6.26	7.24	9.21	33.6	30.0	32	202.50	22.00	4:5	88	82	410	170	235	185	1.48	7.38
PudumjeePulp(10/50/d)	3.1	12.0	0.0	48.9	51.5	1.8	5.77	10.8	2.38	2.38	5.31	9.66	12.7	12.0	19	97.50	10.09	1:5	82	55	100	16	118	100	1.53	2.00
PunjabConcast(10/50/f)	1.2	10.9	0.0	102.5	58.2	0.2	6.25	10.7	3.69	4.38	4.75	23.45	40.7	33.3	7	157.50	6.72				380	122	265	158	1.56	1.54
PunjabTractors(10/50/g)	3.2	20.8	0.0	76.2	117.4	1.6	8.53	7.2	3.90	3.90	5.55	16.51	12.2	30.0	16	192.50	11.66	2:5	81	29	250	115	205	135	1.02	2.53
Rallis(10/50/h)	9.5	36.2	0.0	48.0	296.7	2.5	11.52	3.9	7.59	8.02	10.28	7.30	18.1	27.3	30	84.00	11.51	3:10	77	12	150	90	105	70	2.97	1.75

NOTE The year 31 March for all above companies unless otherwise indicated The accounting period in each case is, however, mentioned in the bracket following the company's name a-8 months, b-18 months; c-10 months; d-15 months; e-12 months; f-9 months; g-16 months; h-11 months, i-14 months, j-17 months, k-13 months; [illegible] months (* ended Dec88 ** ended Aug88, [illegible] ended Sep88, ++ ended Jul88).

Where the acc[illegible] period is other than 12 months, the figures for EPS, return on net worth and dividend have been annualised.

INVESTMENT WORLD

VITAL STATISTICS

Company (The figures following the company name indicate face value and market lot in that order)	Eq Cap RsCr	Free Res RsCr	Revl Res RsCr	Book Value Rs	Gross Sales RsCr	Other Inc RsCr	Gross Profit RsCr	GrPr Mgn (%)	PAT RsCr	Adj PAT RsCr	Cash Earn RsCr	EPS Rs	Ret/Net Worth (%)	Div (%)	Pay Out (%)	Mkt Price 21June	P/E Multiple	Last Bonus Ratio	Last Bonus Year	Bonus % in Cap	MarketPrice 1989 High Rs	1989 Low Rs	1990 High Rs	1990 Low Rs	Yield on Mkt Price (%)	Price to BkVal Times
RanbaxyLabs(10/50/d)	9.0	29.1	0.0	42.5	179.7	6.4	10.20	5.5	5.57	2.60	9.63	7.77	11.7	30.0	56	98.50	12.68	1:1	88	NA	132	70	110	86	1.64	2.32
Rasoi(10/50/d)	1.2	5.7	0.0	57.7	74.2	1.2	1.73	2.3	0.77	0.91	1.40	8.02	8.9	16.0	26	50.00	6.23	1:2	85	35	75	45	60	50	4.00	0.87
RathiAlloys(10/50/f)	2.9	12.9	0.0	54.9	84.2	0.3	9.67	11.4	2.02	2.02	7.77	5.26	17.0	40.0	43	126.00	23.95				167	93	161	126	2.40	2.30
Raymonds(10/50/e)	22.5	69.2	0.0	40.8	295.1	4.4	42.35	14.1	21.10	21.47	36.75	9.24	22.7	20.0	21	93.00	10.07	1:1	87	78	86	66	93	70	2.15	2.28
Reckitt&Col(10/50/e)*	8.4	13.5	0.3	26.1	71.4	1.4	12.08	16.6	6.75	6.75	7.40	8.05	30.4	30.00	37	217.50	27.03	1:1	88	70	230	145	218	198	1.38	8.32
ReliancePetro(10/100/e)	86.5	0.5	0.0	10.1	0.0	26.6	6.81	25.6	5.02	5.02	5.87	0.58	5.8	15.00	90	20.75	35.74	0.00		0	52	37	27	21	2.53	2.06
Reliance(10/50/f)	152.1	913.4	0.0	70.0	1112.5	7.9	166.2	14.8	79.37	95.40	166.2	3.88	9.9	40.0	48	63.50	16.36	3:5	83	10	158	70	90	50	4.72	0.91
Revathi CP(10/50/e)	1.6	3.3	0.4	30.3	17.4	0.4	1.44	8.1	0.88	0.88	1.01	5.38	16.3	20.00	37	75.00	13.95	1:1	87	50	240	51	80	67	2.67	2.47
SandvikAsia(100/5/e)*	5.8	8.8	0.0	252.1	45.8	0.8	6.72	14.4	2.71	2.93	4.93	46.89	18.6	25.00	49	615.00	13.12	1:1	84	80	1010	580	900	615	4.05	2.44
Searle I(10/50/d)	5.2	14.8	0.0	38.4	51.5	1.5	5.14	9.7	2.66	2.81	3.99	6.37	10.6	16.8	30	135.00	21.19	1:2	89	87	217	87	150	108	1.18	3.52
SesaGoa(10/50/e)	5.2	10.2	0.0	29.8	53.9	0.3	3.43	6.3	1.10	1.13	3.22	2.14	7.2	14.0	64	91.00	42.60	2:5	86	42	78	26	106	89	1.54	3.05
Sesha Paper(10/100/e)	6.3	0.0	0.0	10.0	53.3	1.8	0.53	1.0	-2.50	-2.50	0.52	-4.00	-40.0	0.0	NA	13.00	NA	1:2	76	28	19	4	13	10	NA	1.30
ShalimarPaints(10/100/d)	1.9	1.6	0.0	18.4	69.8	0.6	-1.96	-2.8	-2.09	-2.09	-1.96	-13.82	-48.0	0.0	NA	41.25	NA	3:10	82	67	49	20	44	38	NA	2.24
ShawWallace(10/100/i)	12.0	28.1	0.0	33.4	216.3	20.7	15.67	6.6	8.85	8.85	10.02	5.53	29.4	40.0	41	85.00	15.37	1:1	87	94	103	74	92	67	3.53	2.54
ShreeSyn(10/50/f)	5.6	15.1	0.0	36.9	94.4	0.4	9.33	9.8	4.29	4.29	8.98	5.73	27.6	33.3	33	65.50	11.44	2:5	84	29	72	31	67	42	3.83	1.77
SI Shipping(100/5/e)+	6.0	12.3	0.0	304.2	49.6	3.4	-0.06	-0.1	-1.32	-1.33	-0.06	-22.00	-7.2	0.00	NA	1475.00	NA	1:2	82	83	360	60	1625	1200	NA	4.85
SI Viscose(100/5/e)	11.0	21.2	0.0	292.1	103.0	1.9	21.63	20.6	12.89	17.09	15.43	116.86	40.0	35.0	23	1400.00	11.98	1:2	87	56	1170	650	1450	1110	2.50	4.79
SiptaCoated(10/100/j)	17.6	6.3	0.0	13.6	129.4	2.9	4.76	3.6	1.25	1.71	4.03	1.01	3.7	12.0	89	16.50	16.39				28	15	30	13	5.24	1.21
SiyaramSilk(10/100/d)	3.7	7.9	0.0	31.7	86.4	1.7	5.14	5.8	1.14	1.14	4.92	3.89	7.9	14.4	58	47.00	12.07	1:2	88	42	40	23	47	24	3.84	1.48
SKF Bearings(100/5/d)	24.7	36.4	0.0	247.4	131.1	4.6	34.93	25.8	21.12	21.01	27.43	106.88	27.7	24.0	18	1480.00	13.85	1:1	89	80	3020	1140	1570	1230	1.01	5.98
SpecialSteels(10/50/d)	11.4	20.0	0.9	27.5	205.9	0.8	24.22	11.7	14.96	12.60	19.57	16.39	37.0	20.0	15	127.50	7.78	1:2	89	45	168	103	128	90	1.31	4.63
SpicELECT(10/50/d)	34.0	74.2	173.4	31.8	557.8	24.1	44.02	7.6	13.86	13.86	40.77	5.10	3.9	16.0	49	14.50	2.85	1:1	86	50	65	38	19	12	13.79	0.46
StandardInd(10/50/e)	11.1	37.9	35.0	44.3	176.4	16.4	12.08	6.3	3.97	3.97	11.93	3.59	4.7	20.0	56	78.00	21.73	2:5	82	72	580	210	79	61	2.56	1.76
StrawProducts(10/100/d)	10.1	38.5	0.0	48.0	152.4	4.0	11.72	7.5	4.70	4.70	11.41	-6.50	-8.7	24.0	-58	88.00	NA	1:2	72	17	105	45	102	73	3.41	1.83
SundramFast(10/50/e)	5.1	12.1	0.0	33.6	70.9	1.3	6.76	9.4	3.50	3.60	6.01	6.86	20.4	25.0	36	76.00	11.07	3:5	88	56	86	50	86	61	3.30	2.26
SupremeInd(10/50/e)	2.3	13.5	18.6	69.1	85.3	0.6	5.92	6.9	3.27	3.27	5.86	14.34	9.5	45.0	26	281.25	19.61	1:1	87	70	270	187	310	225	1.34	4.07
SurajDiamonds(10/100/h)	7.7	21.3	0.0	37.8	72.6	0.0	6.66	9.2	6.29	6.29	6.51	7.53	23.7	21.8	14	55.50	7.37				110	60	65	51	2.05	1.47
SwadeshiPoly(10/50/b)	3.9	13.9	19.8	45.7	98.6	2.8	7.84	7.7	3.50	4.77	4.34	13.46	6.2	23.3	29	38.00	2.82				57	28	53	38	9.24	0.83
SylvaniaLaxman(10/50/b)	3.0	0.4	7.3	11.3	54.2	1.0	0.57	1.0	-0.52	0.36	0.57	-2.67	-3.3	0.0	NA	23.00	NA	1:2	86	33	26	12	30	20	NA	2.03
Syn&Chem(10/50/e)	5.8	9.4	27.1	26.1	119.7	1.1	8.48	7.0	6.30	6.34	7.38	10.84	14.9	25.0	23	53.00	4.89				81	47	84	53	4.71	2.03
TataChem(10/50/e)	49.2	215.8	0.0	53.9	256.8	34.9	67.80	23.2	35.79	35.79	53.30	7.28	13.5	19.0	24	125.00	17.17	2:5	85	29	130	98	137	118	1.39	2.32
TataPower(100/5/e)	20.5	80.0	0.0	490.7	367.1	12.4	29.16	7.7	22.63	22.45	29.34	110.11	22.4	18.0	16	630.00	5.72	1:5	75	6	457	300	630	410	2.85	1.28
TataPress(10/50/e)	1.6	6.4	0.0	50.4	14.9	0.8	1.79	11.4	0.83	0.83	1.68	5.29	10.5	22.00	42	64.00	12.11	7:11	83	30	88	33	73	55	3.48	1.27
TataRobins(10/50/e)	3.1	4.9	0.0	25.6	54.5	1.2	2.76	5.0	0.92	0.92	1.93	2.95	11.5	18.0	41	36.00	12.21	1:4	77	5	63	42	47	36	3.38	1.40
TataTea(10/50/d)	17.1	78.8	0.0	56.1	218.9	12.6	28.61	12.4	16.86	36.68	21.91	12.33	14.1	40.0	21	207.00	16.79	2:5	88	40	208	120	207	173	2.21	3.69
TataTelecom(10/100/f)	4.5	1.1	0.0	12.4	12.5	0.2	0.60	4.7	0.17	0.17	0.60	0.28	4.1	0.00	NA	46.25	163.2	0.00		0	22	15	56	45	NA	3.72
TataUnisys(10/50/d)	4.4	5.1	0.0	21.6	43.1	0.3	5.29	12.2	2.42	2.52	4.33	6.91	20.4	22.00	48	85.00	12.31	2:5	87	29	250	60	85	24	3.22	3.93
TCI(10/50/f)	5.1	14.1	15.8	37.8	88.0	0.7	3.36	3.8	1.11	1.11	3.36	1.64	4.2	14.7	50	43.00	26.24	1:2	86	81	34	14	68	38	2.56	1.14
Telco(100/5/e)	103.7	307.4	0.0	396.5	1638.5	37.9	128.3	7.7	70.03	71.44	113.18	67.36	17.0	25.0	34	150.50	2.23	2:5	82	24	1195	657	151	110	15.54	0.38
Tinplate(10/50/e)	10.1	11.1	0.0	21.0	138.2	1.1	7.27	5.2	4.37	4.37	6.53	4.32	20.6	15.0	35	30.00	6.95	4:5	76	19	42	20	38	27	5.01	1.43
Tisco(10/50/e)	156.1	645.5	0.0	51.4	1772.5	89.3	274.0	14.7	154.3	134.8	248.0	9.89	19.3	30.0	34	118.75	12.01	2:5	87	44	158	102	137	103	2.49	2.31
Tomco(25/5/e)	8.1	20.6	0.0	88.5	282.1	6.5	4.98	1.7	2.16	2.16	4.36	6.26	7.1	15.0	60	160.00	25.57	1:5	81	36	95	52	160	90	2.35	1.81
TribeniTiss(10/50/d)	8.0	8.0	0.0	20.1	57.1	0.1	5.00	8.8	2.07	2.60	3.63	3.25	10.4	18.0	69	88.00	27.04	1:4	84	31	95	34	97	74	2.56	4.39
TVS Suzuki(10/100/k)	23.1	-5.4	0.0	7.7	174.4	2.2	7.60	4.3	3.09	3.09	7.60	1.45	16.1	0.0	NA	12.50	8.63				26	11	16	9	NA	1.63
TwCenturyFin(10/50/e)	8.9	11.3	0.0	22.7	25.2	1.2	16.56	62.8	3.56	3.51	15.89	4.01	17.7	22.0	56	27.25	6.80	2:5	85	34	35	15	34	27	8.06	1.20
UnichemLab(10/50/b)	1.4	4.8	3.6	45.7	65.9	1.2	0.99	1.5	0.16	0.22	0.96	1.78	1.1	10.0	91	37.50	21.09	1:2	86	67	62	40	40	30	3.95	0.82
UnionCarbide(10/50/d)	32.6	45.0	0.0	23.8	254.3	3.5	12.33	4.8	5.52	9.92	9.33	2.12	5.7	0.0	NA	23.25	10.98	1:2	80	74	29	18	30	22	NA	0.98
Unitech(10/100/d)	7.2	12.8	0.0	27.8	58.1	0.9	6.89	11.7	4.68	4.78	5.59	8.11	18.7	20.0	31	28.00	3.45				30	18	43	26	7.43	1.01
UnivCables(10/50/e)	5.3	42.1	0.0	88.8	116.6	2.1	15.08	12.7	1.02	1.46	3.08	1.91	2.2	27.0	75	82.50	43.19	1:2	79	22	180	110	122	83	2.47	0.93
VideoconIntl(10/100/b)	2.5	5.7	0.0	32.7	103.3	2.6	11.91	11.2	6.32	6.32	11.56	37.92	51.5	26.7	16	242.50	6.40				205	55	254	180	1.65	7.41
VikrantTyres(10/50/e)	10.4	4.3	0.0	14.1	200.7	0.9	17.25	8.6	2.75	2.75	16.70	2.54	18.0	15.0	59	27.00	10.64	0.00		0	50	20	30	20	5.56	1.92
VindhyaTele(10/100/e)	3.9	9.3	0.0	33.7	53.4	1.4	10.11	18.4	6.67	6.73	8.21	17.10	50.7	22.5	13	79.00	4.62				145	85	100	79	2.86	2.34
VIP Ind(10/100/e)++	6.0	5.4	0.0	18.9	67.4	1.5	3.01	4.4	0.73	0.81	2.87	1.22	6.4	12.00	89	27.00	22.19	1:1	84	59	30	15	30	17	4.44	1.43
Voltas(10/50/l)	19.9	28.2	0.0	242.3	264.1	1.2	11.53	4.3	8.63	9.03	11.53	25.36	30.8	24.0	20	77.00	3.04	1:2	89	49	1000	470	79	65	11.78	0.32
VST Ind(10/50/b)	9.7	10.2	16.5	20.5	434.2	3.2	8.31	1.9	4.82	4.82	6.76	7.49	8.8	33.3	63	56.00	7.47	3:5	89	85	57	22	56	33	5.59	2.73
WestCoastPaper(100/5/f)	4.1	4.5	0.0	210.2	65.9	0.8	1.35	2.0	0.37	0.32	1.35	6.77	5.7	0.0	NA	355.00	52.45	1:5	74	37	220	81	440	290	NA	1.69
WI Enterprises(10/50/b)	4.8	9.7	1.6	30.1	65.9	0.1	4.83	7.3	1.72	1.72	4.46	5.36	7.1	16.0	67	23.00	4.29	3:5	83	19	27	17	28	23	10.49	0.76
Wimco(10/50/d)	13.6	5.5	0.0	14.0	137.2	2.3	-7.87	-5.6	-13.17	-10.68	-10.43	-12.12	-55.3	0.0	NA	20.25	NA	1:5	70	31	27	17	75	17	NA	1.44
Wipro(10/50/f)	3.7	16.7	0.0	55.4	115.0	5.5	5.40	4.5	2.68	2.68	4.90	5.46	17.5	33.3	17	200.00	36.62	1:1	89	95	450	190	275	190	0.63	3.61
ZuariAgro(10/50/d)	12.4	54.5	0.0	53.8	247.2	99.9	27.19	7.8	12.06	15.19	18.04	11.37	13.5	28.0	30	60.00	5.28				77	58	66	50	5.83	1.11

NOTE: The year 31 March for all above companies unless otherwise indicated. The accounting period in each case is, however, mentioned in the bracket following the company's name: a-8 months; b-18 months; c-10 months; d-15 months; e-12 months; f-9 months; g-16 months; h-11 months; i-14 months; j-17 months; k-13 months; l-7 months. (ended Dec88, ** ended Aug88, + ended Sep88, ++ ended Jul88).*

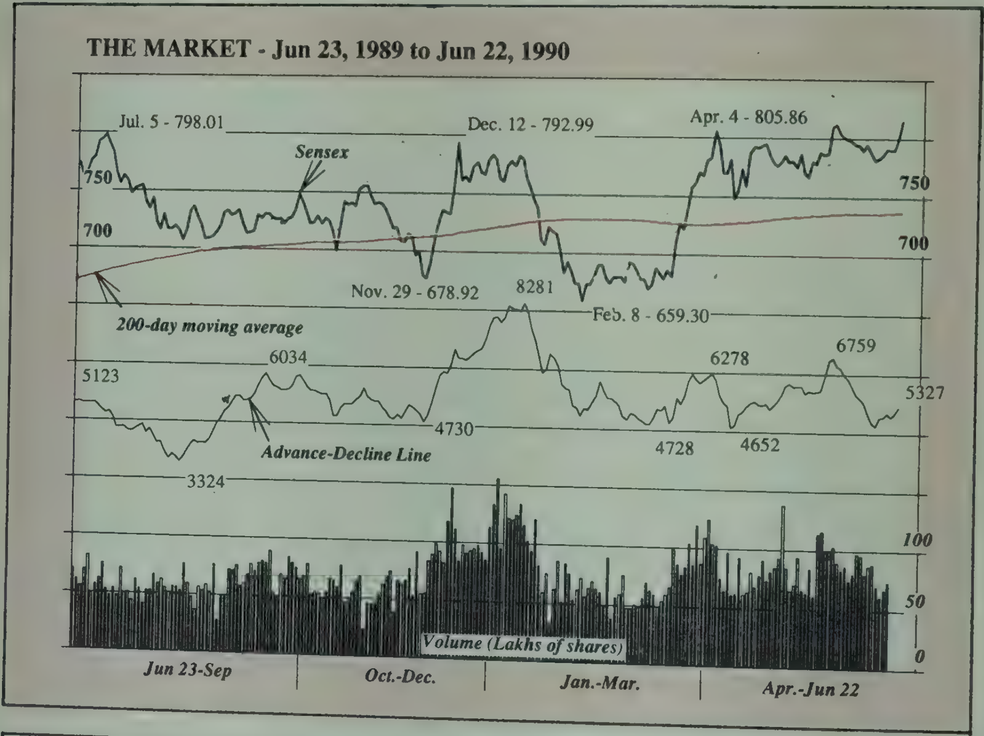
Where the accounting period is other than 12 months, the figures for EPS, return on net worth and dividend have been annualised.

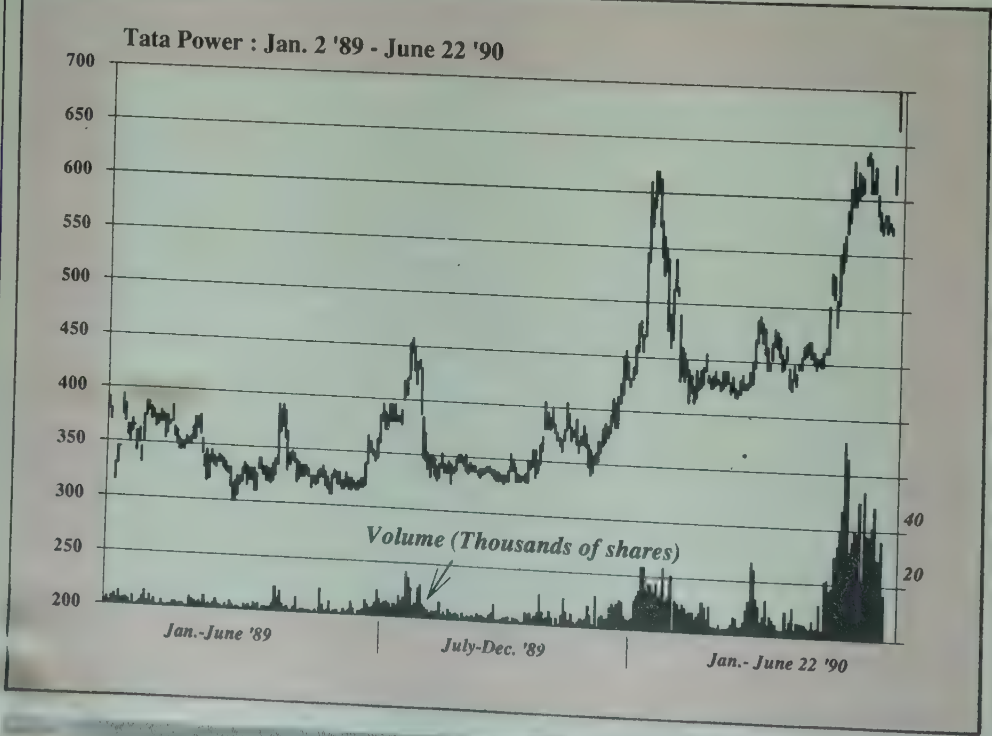
BULLISH TEMPO

Dalal Street looked distinctly bullish at the end of the fortnight ended 22 June. The Sensex (BSE Sensitive Index) put on 24.69 points as it moved up from its 7 May close of 790.03 to 814.72. The National Index (NI) was 6.10 points higher at 433.57 from 427.47. The rise really occured on 21 and 22 June, two days on which the Sensex gained 10.00 and 14.41 points respectively.

The Sensex has now surpassed both its intra-day and closing highs which had been 817.60 and 811.59 on 5 April and 29 May respectively earlier this year. The NI, though on the brink of doing so, did not actually better either of these peaks. The targets the NI has to beat are 439.24 for the intra-day high and 437.19 for the highest closing value — both of which had been achieved on 29 May.

The Sensex, which had been lagging behind the NI when it came to recording new tops, now seems to have gained sufficient strength to do it alone. The 200-day moving averages (DMAs) of the two indices improved once again over the fortnight — going up from 738.06 to 739.50 for the Sensex and from 394.64 to 396.71 for the NI.





However, it is not the indices but the results of several leading stocks that the market is now watching. On 25 June, Bombay Dyeing was supposed to announce its bonus ratio. Market expectations were for a one-for-one bonus.The other big names which would have already announced their results by the time this issue is on the stands are ACC, Excel, Grasim and Tisco. There will also be a host of other results, but it is really Bombay Dyeing, ACC and Tisco that the market will be most interested in, as these have been the three most heavily traded stocks for the past few weeks.

The more intriguing problem is not about the results that these and other companies will be declaring, but of how the market is going to react to them. Until the Telco results, it had been noted that share prices had tended to fall as soon as a result was declared — unmindful of the actual performance of the company. This was attributed to the results having been largely anticipated, and there being more unloading of stock than fresh demand for it.

And though the indices may look better — "better" being around 840-850 for the Sensex and 440-450 for the NI, this may not be the best time for anything but extremely short-term speculative buys. There are two reasons for this — market breadth and trading volumes.

Market breadth revolves around the question of whether it is just the stocks which make up the indices or the entire market which is going up. At this moment, the index stocks appear to be outperforming the market. The advance-decline (AD) line has not been keeping in step with the indices

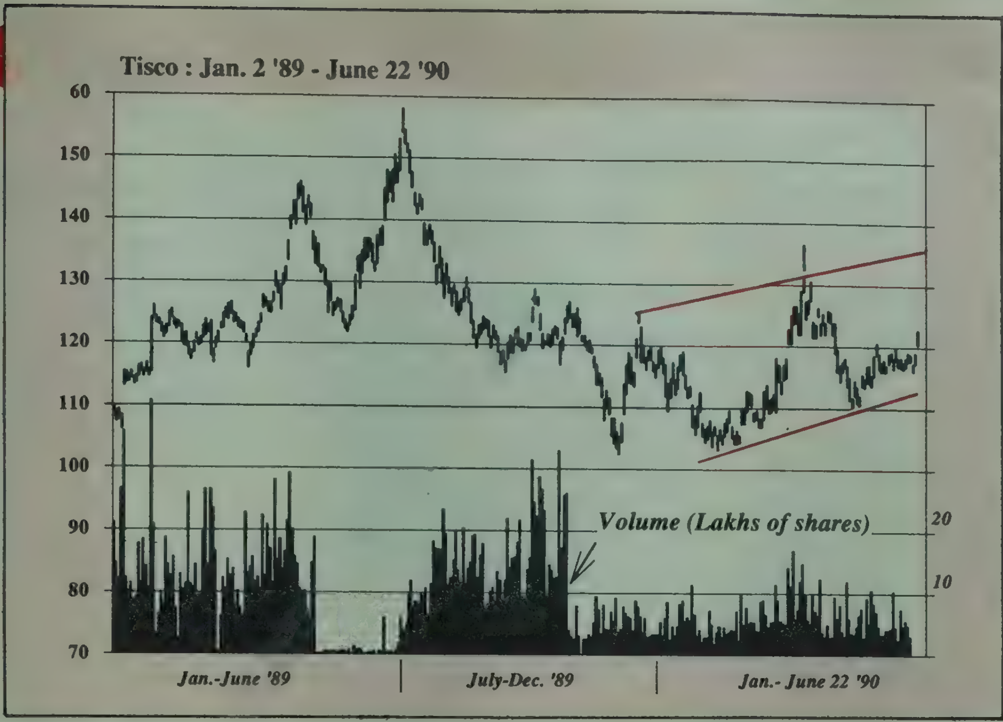
— it, in fact, declined over the fortnight from 5,588 to 5,327. Unless this rally changes all that, the evidence right now is that only a few favoured stocks are on the rise.

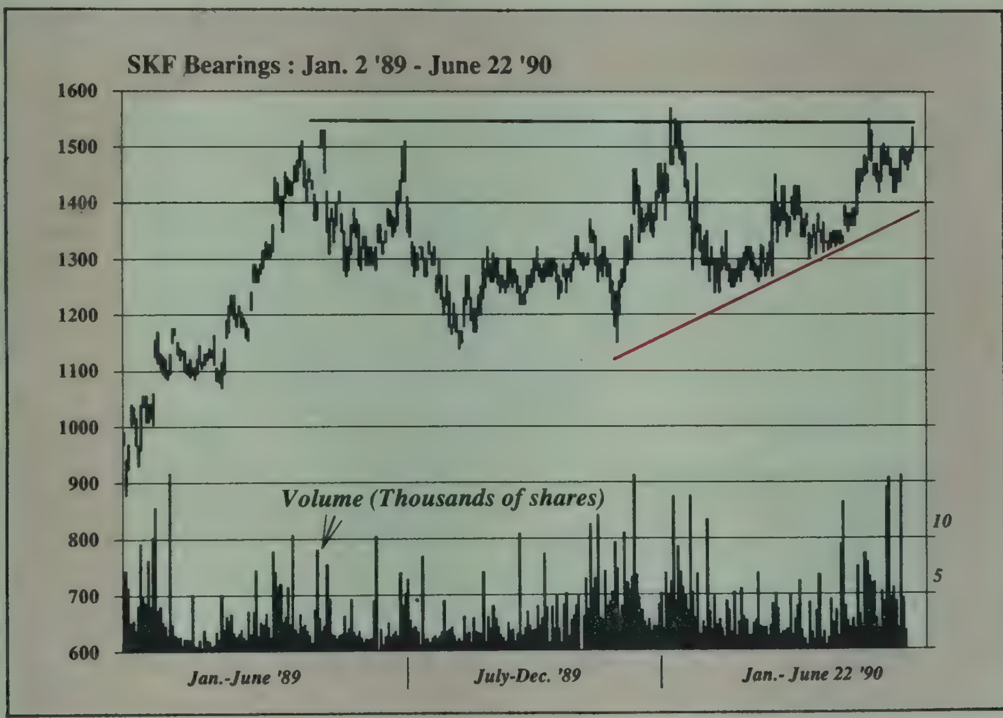
As far as volume is concerned, we have seen that heavier volumes have favoured falls rather than rises. The past two weeks saw volumes tapering off, both during the falls and rises. Volumes for 21 and 22 June, however, had still not been released — and it is these two days that really matter as that was when the market really shot up.

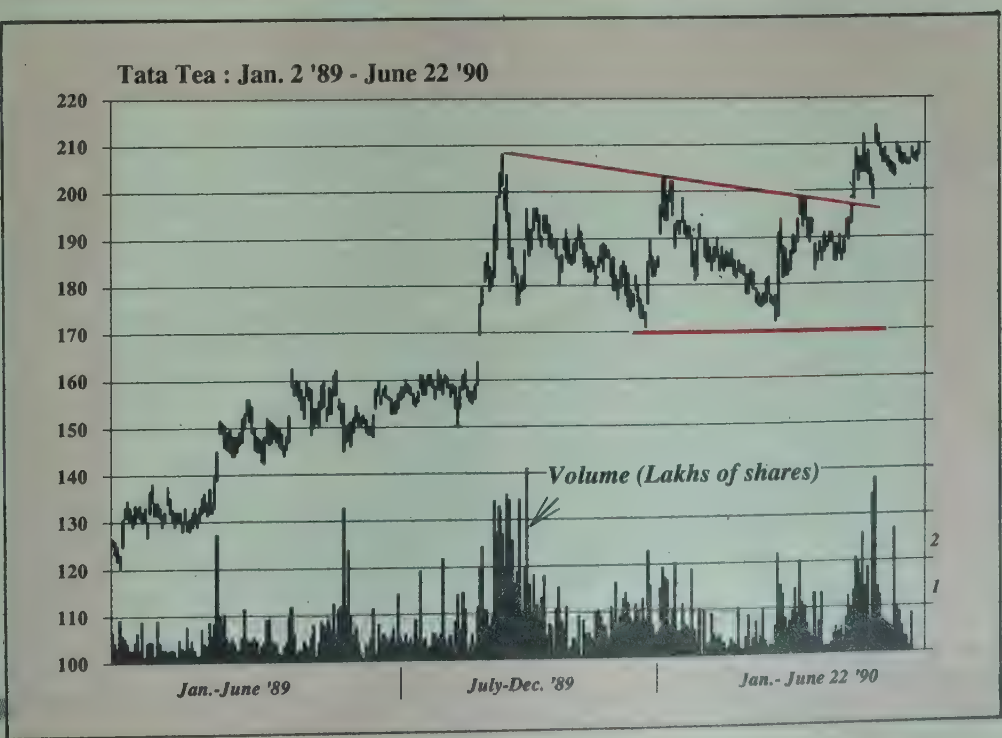
To conclude, we are seeing a rally that has been sparked off by short-covering. Whether this will turn out to be a mere "technical" correction or a worthwhile move will be reflected in the AD line and volume figures as the rally matures. Finally a look at some charts. **Tisco's** erstwhile 'trading zone" between Rs 102.50 and Rs 125 is no longer valid. After receiving support at the higher level of Rs 110, it may be moving into a rising trend channel. The upper line of the channel is a tentative one — drawn to be parallel to the lower one. It is quite valid as the close of the day where the price sticks out is inside the line. Tisco has now gone above its 200-DMA which has begun to flatten out and stands at Rs 117.3. A word about Tisco's volumes — the "blank" area is when it was on spot delivery, and volumes when it was a Rs 100 share have been multiplied by 10; the sudden drop in volumes is when it became a Rs 10 stock.

Tata Tea, managed to break out upwards from a descending triangle. Descending triangles are supposed to be bearish, but the upside breakout changes the picture, and provides a target of at least Rs 235. It has an increasing 200-DMA of Rs 186.64. **Tata Power** shot up from Rs 450 to Rs 650, went into a pennant-like consolidation pattern, from which it has taken off again towards an expected target of Rs 775. It has an increasing 200-DMA of Rs 433.97 and should be a good long-term buy once it declines. Finally **SKF Bearings** is once again testing the upper (resistance) line of an ascending triangle. An upside breakout on good volume would give an attractive target of Rs 1,850.

■ *Deepak Mohoni*
The author is a director of Midas Vision, which deals in software and computer graphics.







SCRIPS TO WATCH

It's annual results time. And most companies have totted up cheery results this year as compared to last year. Dividends too have been hiked. Besides, a spate of bonus issues are in the offing. Not only companies, but industries, which were languishing, have also turned the corner and are poised for growth. Yet, the stockmarkets have chosen to ignore these positive trends. Perhaps, the political climate is overriding the economic factors.

Several companies will be announcing the closure of their registers of members which is bound to lead to a slowdown in speculation. Short-term traders are generally averse to playing around a lot at this time as it blocks their investment for a couple of months and hence fresh buying gets suspended. However, barring these temporary hiccups, the outlook for the stockmarkets, given a fairly good monsoon, appears bright.

PROMISING INDUSTRIES

Let's take a look at a few industries which promise to do well. The cement industry, for one, is now fast turning the corner. The rapid capacity expansion witnessed in the early eighties that led to a glut will now slow down, courtesy the high investments needed. The installed capacity of the industry increased from 29 million tonnes (mt) in 1982 to 56 mt in 1990. Currently, only a little over 10 mt new capacity is in the pipeline while the eighth plan requirement is placed at 25 mt. Production in 1990-91 is expected to be about 49 mt against 45.6 mt in 1989-90. Demand in the terminal year of the eighth plan is anticipated at around 69 mt. Thus, in the absence of any government controls, cement prices are most likely to keep on rising thus improving the profitability of cement companies. **ACC, Mysore Cement, Gujarat Ambuja Cement, Madras Cement** and **Birla Jute** are scrips with a potential to appreciate.

Paper is another industry. With paper prices continuing to rise (in the past few months, the price of white paper has shot up by about Rs 1,000 per tonne), several paper units have reported encouraging results. **Andhra Pradesh Paper**, for instance, has reported sales of Rs 132 crores in the year to March 1990 as compared to Rs 70 crores in the previous 9 month period. Gross profit improved to Rs 17.27 crores (Rs 3.97 crores), taking margins upto 13.1% (5.7%). The earnings per share (EPS) recorded a hefty jump to Rs 262 (Rs 39). At the current price of Rs 850, the share has scope to appreciate further.

In the bearing industry, **Austin Engineering** has performed remarkably well with turnover for the year to March 1990 shooting up by over 30% to Rs 14.3 crores while net profit has shown a rise of 114% at Rs 1.41 crores. The EPS on an equity capital of Rs 1.49 crores is a healthy Rs 9.47. The outlook for the current year is also promising with turnover estimated in the region of Rs 20 crores and a projected EPS of around Rs 13-14. The scrip should improve substantially from the current price of Rs 59.

In the engineering sector, **Alfa Laval** and **Flakt India** can be singled out as good buys for long-term investors. A lot of favourable developments are taking place, especially in food processing, power and petrochemicals giving Alfa Laval scope for substantial growth in the coming years. Alfa Laval has already churned out excellent results for the year ended March 1990 with an EPS of Rs 11 and a dividend of 25%. The company has a comfortable order book position at Rs 56 crores, which makes the outlook for the current year extremely bright. The EPS in the current year is projected to cross Rs 15, which makes the share look cheap at the current price of Rs 120. With pollution control norms slated to become more stringent, the outlook for Flakt India, a virtual monopoly producer of pollution control equipment appears very promising. On a long-term basis, the share offers tremendous value for money.

Textile spinning units are having a good time and promise to do even better in the current year. **Super Sales**, a Laxmi group company, besides its agency operations, is also in the business of cotton yarn. The company did very well for the year ended March 1990. A net profit of Rs 2.72 crores on an equity base of Rs 1.50 crores was reported giving an EPS of Rs 18.13. At the current price of Rs 90, the P/E is discounted by a mere five times. With the outlook in the current year also good, the scrip definitely merits a better discounting.

IMPROVED PERFORMANCES

With textile spinning mills doing well, it is natural that the textile machinery industry should do well. All the textile machinery manufacturers have reported improved performances. Industry leader **Lakshmi Machine Works** (LMW) has performed exceedingly well for the year to March 1990 by recording an EPS of Rs 130 and declaring a dividend of 25%. With substantial orders on hand, the outlook for the current year is encouraging. At around Rs 900, the share merits an inclusion in one's portfolio for long-term growth.

Another industry which is once again gaining acceptance after being neglected for long is leasing, thanks to the abolition of s.115 J. Well-established and reputed companies in this industry offer the investor an opportunity to increase the yield on his portfolio. Take the case of **Nagarjuna Finance**. This company has been doing quite well and regularly paying high dividends. For the year to March 1990, it has declared a dividend of 25%, which at the current share price of Rs 14 gives an incredible yield of almost 18%. 20th Century Finance paid a dividend of 22% for the year to March 1990, which gives a yield of 7-9% at the current market price of Rs 271. **Apple Industries**, a company into leasing, computer education and software exports, has been showing improved performance year after year. Based on current indicators it should declare a dividend of at least 30% for the 15 month period ended June 1990.

■ *Clifton Desilva*
The author is a Bombay-based investment manager.

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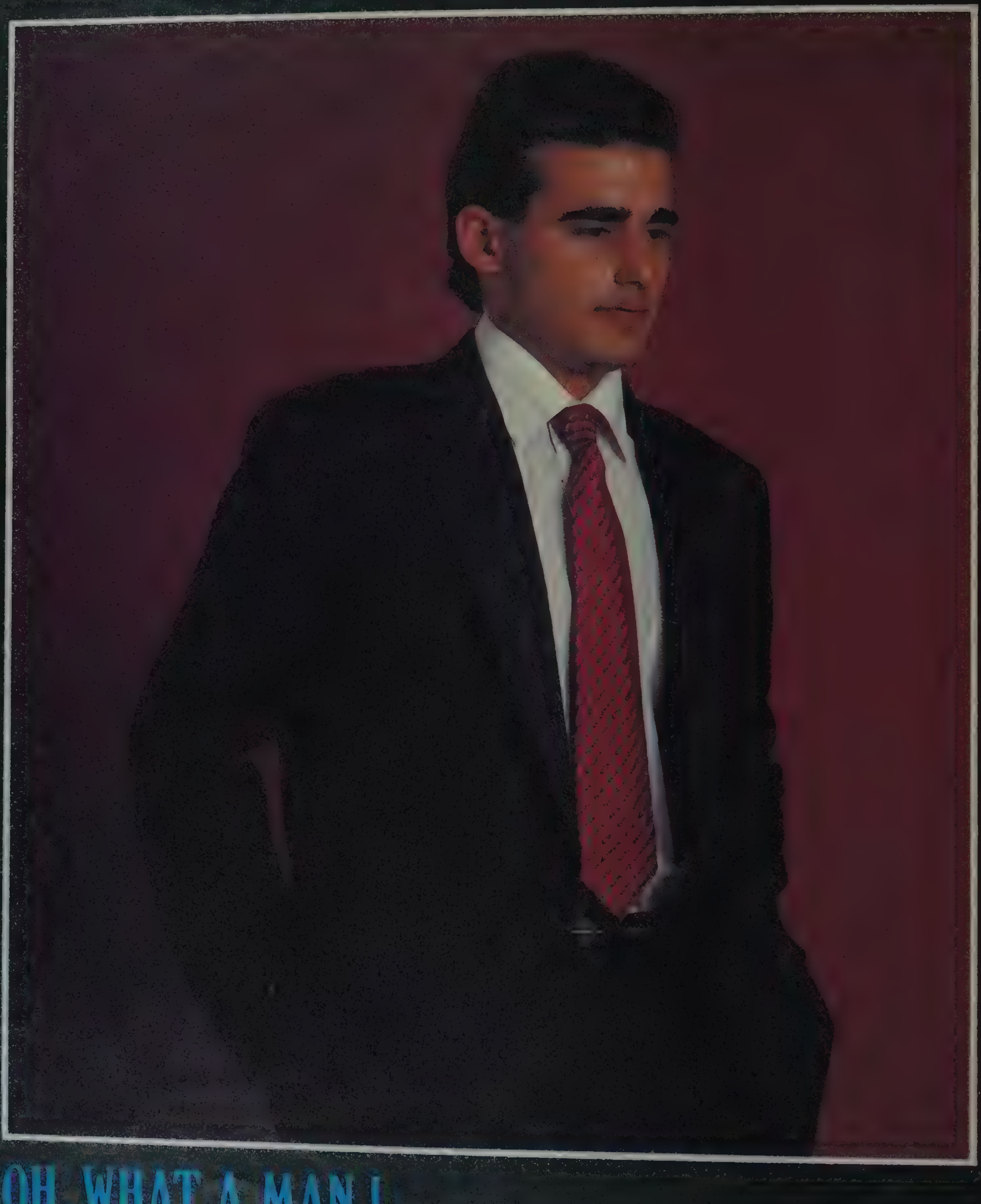

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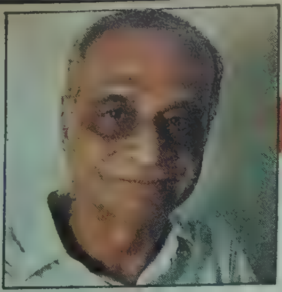

STEADY MONEY

A TRIPLE TREAT

For most of us, financial security is important. Security comes with savings, and savings can be maximised (without cutting down on normal expenditure) through proper tax planning and profitable investments. Since any individual's investment decisions have to be based on income status, risk attitudes and liquidity preferences, what is a good investment for one may not be so for another.

Normally, an individual has three objectives when he takes an investment decision: (1) to maximise the return on investment; (2) to minimise the risk of capital loss; and (3) to ensure a certain degree of liquidity of investment.

Return, risk and liquidity vary with each plan. Risk and liquidity are subjective aspects related very much to the personal needs and preferences of individuals. Each individual, therefore, looks for a plan that suits him the most.

The SBI Mutual Fund's Magnum Regular Income Scheme (MRIS) 1990 has all the three essential features of an attractive investment: assured returns, safety of capital, and easy liquidity.

The Magnum scheme guarantees regular returns of 12% plus, paid yearly, with prospects of capital appreciation. Under a similar scheme offered to the public earlier, the SBI Mutual Fund declared 13.5% dividend as against the guaranteed return of a minimum 12%.

The face value of Magnums is Rs 100 and the minimum subscription has to be Rs 500. Applications will have to be in multiples of Rs 500. There is, however, no upper limit on investment. Investors are guaranteed full allotment of as many Magnums as they apply for.

An investor in Magnums is entitled to the following tax benefits:

- Under s.80L of the Income-Tax Act, 1961, income upto a maximum of Rs 7,000 from Magnums along with income from other specified investments, is eligible for deduction from total income. A further deduction from total income upto a maximum of Rs 3,000 will also be available along with certain other specified securities. Thus the total deductions available under s.80L add upto Rs 10,000.
- There will be no deduction of tax at source.
- Wealth tax exemption is available up to an overall limit of Rs 5 lakhs under s.5(IA) of the Wealth Tax Act, 1957.

Magnums under MRIS 1990 can be purchased by: (a) adult Indian residents, singly or jointly, in their own names or on behalf of minors; (b) Hindu undivided families (HUFs); (c) companies/bodies corporate registered in India; (d) trusts and societies authorised to invest in Magnums; (e) non-resident Indians (NRIs) or persons of Indian origin.

While NRIs and persons of Indian origin can also apply for Magnums from their non-resident (external) rupee accounts subject to Reserve Bank approval, the investments can be made only on a non-repatriation basis. In the case of HUFs, only *kartas* acting on behalf of HUFs can apply. When an application is made under a power of attorney, its certified copy must be lodged with the application. Partnership firms and foreign nationals are not eligible to apply for Magnums.

Magnum certificates are transferable and, therefore, can be sold to other eligible holders. They have also been provided with a repurchase facility under which an investor can encash his Magnums at any of the designated branches of the State Bank group at par or above. Loan facilities of upto 75% on the face value of Magnum holdings will be available at any of the branches of the State Bank group.

The Magnum is a mutual fund instrument with all its plus points. It is thus a boon to small investors who are shy of stockmarkets and who in turn are not exactly too welcome in the offices of big brokers.

As the money mobilised under MRIS 1990 is to be invested in carefully selected securities, the Magnum-holder can get a taste of stockmarket gains without taking the risk of losing in the endless ups and downs.

What is more, the income received by the mutual fund itself by way of dividends and capital gains will be exempt from income tax with the result that the income available for distribution among its members will be proportionately higher.

SBI Magnums fully satisfy the return-risk-liquidity criteria of a good investment. Though MRIS 1990 is essentially an income-oriented scheme, there is an element of capital appreciation built into it.

■ *M.D. Mukhi*

The author is the president of the merchant banking division of Batlivala & Karani.

IN A NUTSHELL

Scheme: Magnum regular income scheme 1990 of the SBI Mutual Fund. The fund is offering a five-year close-ended scheme with three attractive features: (a) assured returns; (b) safety of capital and; (c) easy liquidity.
Opening date: 15 June 1990.
Closing date: 31 July 1990.
Face value: Rs 100 per Magnum.
Minimum & maximum amounts investible: Minimum Rs 500 and in multiples thereof. There is no upper limit.
Return: 12% plus per annum, paid annually, with prospects of capital appreciation.
Eligibility: Adult individuals, minors through parents or guardians, HUFs, companies and bodies of individuals, eligible trusts & societies, non-resident Indians (on a non-repatriation basis).
Liquidity: Magnums can be transferred to eligible holders. Repurchase facilities will be available at SBI group branches.
Tax benefits: (1) No deduction of tax at source; (2) Under s.80L, income from Magnums will qualify for a total deduction upto Rs 10,000, including income from other specified investments; (3) Investments in Magnums will be exempt from wealth tax within the overall limit of Rs 5 lakhs. However, only the first applicant will be entitled to tax benefits.
Other features: (1) Loans can be availed of upto 75% of the face value of Magnums; (2) Magnums can be pledged with banks and financial institutions; (3) Nomination facility not available.
Recommendation: Good for safety-first investors, trusts and societies.

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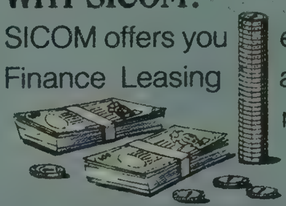

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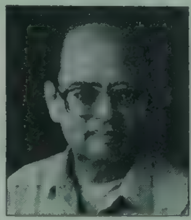
PEOPLE & PLACEMENTS

R.L. WADHWA, chairman & managing director, Allahabad Bank, has been appointed director of National Insurance Co.



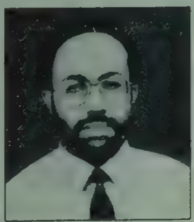
S. L. KHOSLA has taken over as chairman at Oil & Natural Gas Commission (ONGC).

ANAND J. DANANI, vice-president, Citibank, has been appointed corporate risk strategy head, western India.

O. N. MARWAH has taken over as general manager (LPG) at Indian Oil Corp's marketing head office.

V S. RAO has been appointed director of ores mines and quarries, Tata Steel.

VIKAS DESHMUKH has been appointed president of Motorola Blue Star, Blue Star's joint venture with Motorola Inc.



A. RAMAMURTHY has taken over as managing director of Shoppers' Investment & Finance Co.

RAGNI CHOPRA has been promoted to director (marketing), Oberoi Hotels.

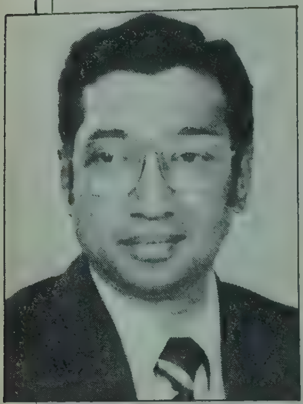
N. L. KANOONGO has taken over as executive director (finance) at Rajasthan State Industrial Development and Investment Corp (Riico).

C.P. KRISHNAN NAIR, chairman, Hotel Leela Venture, has been appointed chairman of All India Manufacturers Organisation's (AIMO) Special Council for Tourism and Civil Aviation.

G. D. VYAS has taken over as managing director of Gujarat State Handicrafts Development Corp.

RAJU SHAHANI has been appointed director — marketing (Europe), Oberoi Hotels, London office.

FINDING ONE'S OWN SHANGRI-LA



Even for those who begin to see the limits to career advancement, there are alternatives to frustration

There are many people in the corporate world who, after a period of trying, just give up. Perhaps they've not made any progress, been bypassed for promotion time and again, moved laterally from one department to another and have generally reached the limits of their capability. All they can look forward to is doing the same job for the rest of their tenure, however long or short it may be, and look forward to the meagre annual increment that comes their way.

If one finds oneself in such a situation, the first thing to do is brutal introspection. Ask yourself whether you deserve any more, and any better. It's a very difficult question, for it involves having to face up to your own self, dispassionately assess your strengths and weaknesses, failures and successes. If, at the end, you honestly feel that you deserve any better, you can surely move to another company for a more satisfying and rewarding assignment. If you cannot get one, tough luck, for it is an indicator of your market worth. If you cannot accept such a job because of loss of gratuity or other long-term benefits, an inability to move to another neighbourhood or another town, then the decision is yours. You have to accept the inevitable.

Many people, caught in such circumstances, just sit and mope. They curse their luck, their boss, their company — and generally end up making life miserable for themselves.

But there are others who manage to lead more satisfying lives. They are the ones who sublimate their ambitions in the corporate world and focus on something outside which brings satisfaction, and perhaps even money. This is not the same as moonlighting — because the secondary interest is unrelated to the corporate assignment. It could, perhaps, be a hobby which has matured into a secondary profession.

■ Santosh was the sales director's peon in Glaxo India. Those were the days, 30 years ago, when a peon sat on a stool outside a cabin, waiting for the faintest buzz — and he would be there to take a file, get some drinking water or take a message. It was a job without any prospects for growth. But for Santosh, it provided both, the time and the facility to write Marathi plays. So much so that, over the years, Santosh became a fairly well-known playwright. During the day, he wrote plays and got an income which kept the hearth burning. In the evenings he was at the theatre, watching rehearsals of his plays — with pride, satisfaction and some monetary rewards.

■ Behram was a medical representative with a large pharmaceutical company. He had worked the Bombay market for 23 years — an average salesman who never ran the extra mile. He did just enough to keep his job — no more, no less. It was the evenings he lived and worked for. He loved to act in Gujarati plays, and was good at dramatics. So when the company announced a voluntary retirement scheme, with a generous offer for all those who had worked for more than 20 years, Behram immediately put in his papers. The company was happy to see him go, and Behram was happy to go. He now had a nest-egg which let him devote all his time to Gujarati theatre. Gradually, he went into producing plays, besides acting in them. Today, he is happy, satisfied, well-fulfilled and earning a fair amount as well.

■ Raman had almost reached the top of a chemicals company when he got stuck. He became the head of R&D at 35, but the trouble was he would still be the head of R&D at 60, all other things being equal. And though he was good at R&D, Raman had few other assets. He projected a poor personality, made poor presentations, wrote confusing reports. Consequently, he was always at the vortex of some controversy which generally degenerated into faction fighting. And though he always came out poorly in these fights, he managed to keep his job. But Raman found satisfaction at the Satya Sai Baba Foundation. Every weekend was reserved for this cause, rain or shine. He would take leave and go on a holiday from the company, but never from the Foundation. He had sublimated his ambitions and found a heaven of peace, away from the maddening crowd which indulged in corporate politics.

And there are many more such people. People who look for an alternative path to achievement and self-satisfaction and, perhaps, even money. They are the people who sublimate their ambitions only to have them surface elsewhere.

■ *Walter E. Vieira*

The author is a Bombay-based management consultant.

PICK OF THE JOBS

"Job options should be constantly developed so that one can have a better choice when one wants to change. Many executives neglect this aspect and end up liking what they get, instead of getting what they like," points out Gerald Fernandes, managing consultant of Exact Search & Placement Consultants, a Bombay-based recruitment firm.

According to him, "top executives drawing very high salaries become smug and don't bother to improve their professional education. This results in their being disadvantaged when seeking a change of job as they discover that their professional profile has not kept pace with changes in the market."

PERSONNEL MANAGER

Company: Manufacturer of chemicals and intermediate dyestuffs; annual sales of around Rs 80 crores.

Requirements: Master's degree in labour studies; two years' similar industry experience.

Remuneration: Around Rs 1 lakh per annum,

Enquiries to: Exact Search & Placement Consultants, B.B.C. 4th floor, Kamani Chambers, 32 R. Kamani Road, Ballard Estate, Bombay 400 038. Tel: 2620553-4.

MANAGER — INTERNAL AUDIT

Company: Large multinational pharmaceutical manufacturer; annual sales of over Rs 40 crores.

Requirements: Chartered accountant; 30-40 years of age; about five years' experience in the audit function of any reputed firm or industry.

Other details: Based in Bombay.

Remuneration: Very attractive.

Enquiries to: Exact Search & Placement Consultants.

MANAGER — MANAGEMENT SERVICES

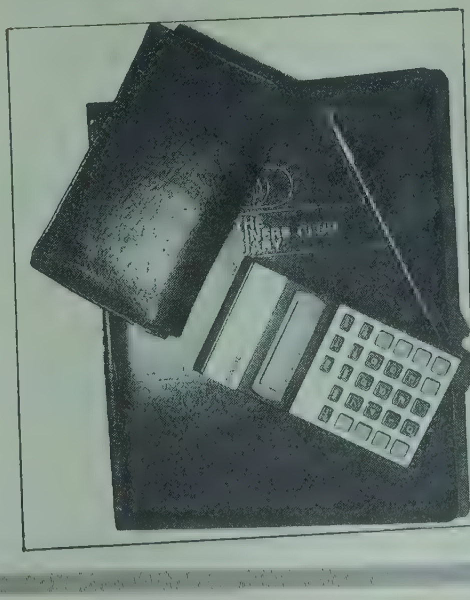
Company: Bombay-based conglomerate involved in dyes and chemicals; annual sales of over Rs 100 crores.

Requirements: Computer professional with at least six to seven years' experience at senior level; good interpersonal skills and business acumen.

Other details: Will report to the managing director; responsible for all aspects of decision-support systems.

Remuneration: Negotiable,

Enquiries to: Exact Search & Placement Consultants.



EDP MANAGER

Company: Engaged in the service industry, based in Bombay; annual sales exceeding Rs 5 crores.

Requirements: Exposure to computer network operations; background in statistics.

Other details: Responsible for all aspects of data-processing in terms of client billings, scheduling and routing.

Remuneration: Attractive.

Enquiries to: Exact Search & Placement Consultants.

BUSINESS PLANNING MANAGER

Company: New venture to manufacture and market biaxially-oriented polypropylene (BOPP) film, part of a large group.

Requirements: MBA, preferably from engineering discipline; 30-40 years of age; 10 years of experience, of which at least five years should have been in a similar position.

Other details: Will report to the managing director; will head the venture based in New Delhi.

Remuneration: Rs 2.5 lakhs plus per annum; ample scope for overseas travel.

Enquiries to: The Concept, 67 White Hall, 143 August Kranti Marg, Bombay 400 036. Tel: 8224422-23, 8118319.

SENIOR MANAGER — MARKETING

Company: Manufacturer of drug intermediates and speciality chemicals, now diversifying into packaging, adhesives, fermentation-based products, pharmaceuticals and electronics.

Requirements: Science or engineering graduate; postgraduate qualification in business administration preferable; between 30-35 years of age; 7-10 years' experience in marketing and sales of bulk drugs etc.

Remuneration: Over Rs 2.5 lakhs per annum; lavish perks.

Enquiries to: The Concept.

FINANCIAL CONTROLLER-CUM-COMPANY SECRETARY

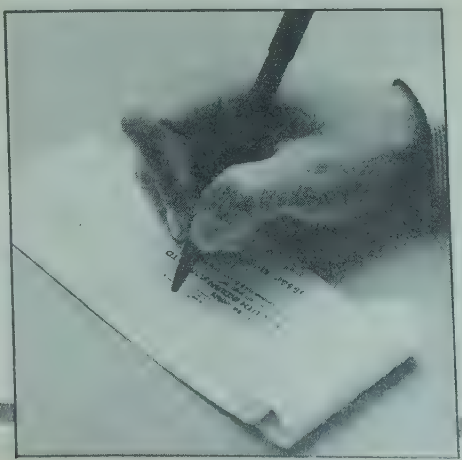
Company: Rapidly expanding Indian group engaged in the manufacture and marketing of computers, peripherals and EPABX, and captive consumption items like plastic moulded items and electronic products.

Requirements: Chartered accountants or MBAs from a premier institute; specialisation in finance; preferably a qualified company secretary; around 40 years of age; specialisation in other allied subjects like operations research, etc., will be added qualification; total experience of around 15 years.

Other details: Responsible for complete finance and secretarial work; will be based in a prime city in Gujarat.

Remuneration: Rs 2 lakhs plus per annum.

Enquiries to: The Concept.



MANAGING DIRECTOR

Company: Based in Madras, part of one of the largest groups in the country.

Requirements: Engineering background; around 40-45 years of age; postgraduate degree in business administration and techno-commercial exposure.

Remuneration: Attractive; liberal perks,

Enquiries to: Personnel Resources, 145, Famous Cine Lab Bldg, Dr E. Moses Road, Mahalaxmi, Bombay 400 011. Tel: 4934015, 430301

CHIEF EXECUTIVE

Company: A large industrial group.

Requirements: Engineers with expertise in environmental engineering; around 40-45 years of age.

Other details: Based in Bombay.

Remuneration: Around Rs 2 lakhs per annum; wide-ranging perks.

Enquiries to: Personnel Resources.

VICE-PRESIDENT — OPERATIONS

Company: Engaged in shipping.

Requirements: Engineer with exposure in a similar function, though necessarily in the same industry.

Other details: Will be responsible for all operational activities.

Remuneration: Rs 2 lakhs per annum.

Enquiries to: Personnel Resources.

MANAGING DIRECTOR

Company: Division of a big group engaged in consumer and industrial products.

Requirements: Graduate in engineering or leather technology, preferably with postgraduate degree in business administration; between 40-50 years of age; 15-20 years' experience in the manufacturing industry in a reputed company, of which 7-10 years should have been as a profit centre head.

Other details: Based at Madras.

Remuneration: Over Rs 2 lakhs with lavish perks,

Enquiries to: Career Placement & Marketing Services, P.B. No. 8105, Bombay 400 051.

VICE-PRESIDENT

Company: Manufacturer of industrial and automobile products.

Requirements: Mechanical engineer, preferably with a postgraduate degree in business administration; between 40-45 years of age; 10-15 years' experience in manufacturing, marketing and finance, of which 7-10 years should have been as a profit centre head.

Remuneration: Over Rs 2 lakhs,

Enquiries to: Career Placement Services.

COMMERCIAL DIRECTOR

Company: Pharmaceutical multinational based in Bombay.

Requirements: MBA; 40-50 years of age; 10-15 years' sound track record, of which seven years should have been in a senior capacity handling EDP, administration, transport, office equipment, building maintenance, etc.

Remuneration: Over Rs 1.75 lakhs a year; liberal perks,

Enquiries to: Career Placement Services.

■ *Indra Gidwani*

VIDEOCON

TAKE CHARGE IN 1990

Now is the time to take advantage of the opportunities available in our exciting campus. We are confident that our campus which is advancing towards 1 lakh sq. metre of facility for manufacture of TV sets, Plastic injection moulding and TV components like Electronic Tuner, Flyback Transformer etc. is going to be the most advanced facility in India for such products.

Individuals who possess keen technological leadership and abilities are in demand for the following position.

DY. GENERAL MANAGER (MFG. ENGINEERING) — AURANGABAD

Applicants for this position would be 40/50 years old with either M. Tech. degree in Production Engineering Technology or B.E. followed by post graduate qualifications in Industrial Engineering from reputed institutes like NITIE or the IITs.

We are looking for candidates with comprehensive knowledge of manufacturing technology acquired through hands on and system level project and manufacturing experience in a high volume production unit, such as Switch Gear, Automotive, Watches, Telecom or Consumer Electronics Assembly Units. Exposure to working in JIT environment would be an added advantage.

Candidates should have the desire and capability to work in an inter-disciplinary environment. Excellent technical & conceptual skills & analytical approach to problem solving is a must. We are looking for candidates who love problems and have the ability to evaluate requirements, conduct investigation to resolve system problems and plan changes in operations, whenever and wherever necessary.

The job involves close inter-action with top management and working in a fast-paced manufacturing, planning and process engineering atmosphere. It calls for management of production support activities encompassing classical industrial engineering, facilities planning, maintenance of manufacturing assets, budgeting, system purchasing, establishing engineering data bases and promotion of industrial modernization type automation projects.

Compensation is designed to attract the best talent available and will be absolutely no bar for the right candidate.

Please send your detailed resume along with a recent photograph and 2 (non-relative) references to our consultant:

hemendra k. varma
management productivity systems
post box 9313
bombay 400 036.

torrent

FOR Care N Cure DIVISION

AHMEDABAD

Torrent dose not need introduction for its presence in the national and international pharmaceuticals markets. The group has diversified interests through manufacturing and marketing activities of veterinary products, medical electronics and high voltage transmission cables as well. Torrent believes in sustained growth and has ambitious plans for diversification in related and non-related areas. The group offers challenging work environment and growth opportunities for self-development to its people.

Health requires care and at times even cure. Torrent, now offers wide range of products such as diagnostics, dialisers, disposables, dressings etc. To plan, supervise and monitor the marketing of these products, a new division known as Care N Cure has been set up by Torrent. In this context Torrent desires to select the following personnel :

AREA MANAGER

LOCATIONS : Based at Calcutta to cover the states of Bihar. West Bengal, Assam & Orissa.

The candidate should be in his early thirties and should have a degree in Chemistry or Biology. Post graduate degree in Bio-Chemistry/Microbiology will be an advantage. A minimum of 5 to 7 years experience of pharmaceutical selling essential. Knowledge/experience in selling Diagnostics and Field Managerial experience desirable. The job involves extensive touring and the selected candidate will have to guide and motivate 10-12 Technical Service Officers working under him to achieve their assigned targets.

TECHNICAL SERVICE OFFICERS

LOCATIONS : Patna, Ranchi, Calcutta, Siliguri, Burdwan, Guwahati & Cuttack.

The candidate should be below 26 years and should have a degree in Chemistry or Biology. Excellent communication skills and a flair for selling are pre-requisites.Post graduate qualification in Bio-Chemistry/ Microbidolgy or a Diploma in Medical Technology will be an added qualification. Experience in selling Diagnostics desirable.

Applications to be sent within 10 days to :

Torrent offers an attractive remuneration package comprising salary and benefits like HRA, CLA, Medical, Conveyance, LTA, Bonus, PF Gratuity etc.

DIRECTOR-MARKETING
TORRENT LABORATORIES LTD.,
"TORRENT HOUSE", NEAR DINESH HALL, ASHRAM ROAD, AHMEDABAD-380 009.

TABLETS (INDIA) LIMITED

Pioneers in Amino Acid Therapy

We are a leading and rapidly growing National Pharmaceutical Company, manufacturing and marketing an excellent range of formulations including large volume parenterals. We have technical tie-up with a Japanese Company. We belong to diversified group with a turn over of Rs.50 crores. Under our expansion plan for Infusion and Pharma Divisions we need

REGIONAL MANAGERS
(at Calcutta & Bangalore)

The job involves managing field staff and motivating them to achieve sales objectives, regional office administration, stockists performance appraisal, strengthening marketing and distribution channels.

The incumbents would be graduates in early 30s with atleast 10 years of selling experience with a reputed pharmaceutical company out of which atleast 5 years as Field Manager, with a track record of achievements, administrative ability and full knowledge of Markets of respective Regions. Candidates with experience as Second Line Field Managers will be preferred.

The remuneration package is negotiable and will not be a constraint for right candidates.

Please apply within 7 days giving complete bio-data with a recent passport size photograph to:

General Manager (Marketing)
TABLETS (INDIA) LIMITED
179, T.H. Road, Madras - 600 081

ABC's major specialisations include Corporate Consultancy

EXECUTIVE DIRECTOR

International Hotel Chain

Delhi **Rs 2.5 Lakhs + Flat + Car + Perks**

We have been retained by a professionally managed, highly dynamic and fast expanding Industrial Group to select an outstanding Chief Executive for their **new venture into hospitality industry.** The Group is cash rich and has several new projects under active implementation. They are, therefore, in a position to ensure rapid career growth for you, subject to performance.

The incumbent will have total management responsibility involving project completion, full capacity utilisation, growth & profitability. Key performance areas will be (a) Team Management & Leadership (b) Diversified Marketing Experience with accent on **Institutional Selling** (c) Systems Orientation (d) **Strong Administrative Ability** (e) Good Track Record as CEO.

The ideal candidate will be marketing-oriented & mature CEO, preferably with MBA Qualification and similar industry exposure. Preferred Age Group 40-45. Please write to **B P Agrawal, Chairman** with job title & code EDH/BPA/3014. Requirement is urgent and all correspondence must be made through courier mail/speed post and contact telephone numbers mentioned in the bio-data.

ABC CONSULTANTS PRIVATE LIMITED
43/3, Hazra Road, Calcutta 700 019, Phone 754947

SWOT Analysis • Systems & Procedure • MIS

O & M • Technology Transfer • Project Reports

Data Processing • Computer Software Packages • Materials Management

Our client is a well known Multi Unit professionally run company. They require for their various operations the following management staff. Young management professionals who are aspiring to accept extremely challenging assignments are welcome to apply.

COMPANY SECRETARY
DELHI/CALCUTTA (LBS/145)

This position calls for varied experiences in legal matters apart from areas of Company law. He should have experience in liaison work with central/state governments and financial Institutions in addition to routine matters. The position has substantial work requirements both at Delhi and Calcutta.

TRAINING MANAGER
CALCUTTA (LBS/146)

The responsibilities for this position includes setting up in-house training programmes for the technical and non-technical staff of the organisation. He would need to organize and co-ordinate the entire gamuut of training activities including on the job training for the skilled category. His other functions would include providing inputs in recruitment and selection of managerial staff and in performance Reviews. A Bachelor of Engineering with a flair for and experience in Technical training would be preferred.

DEPUTY MANAGER-PERSONNEL
(LBS/147)

This is a Calcutta based factory position and requires a professional in the area of personnel who is strong in Industrial relations and factory administration. He would be a key player of the factory management team and would be required to provide strong inputs for running the factory with discipline and high level of productivity.

SALARY & FUNDS EXECUTIVE
CALCUTTA (LBS/148)

This function encompasses the tasks of consolidation and execution of Management staff salaries & funds, Personnel taxation, monitoring of reimbursement claims as per terms and conditions and other relevant activities.

A lady professional around thirty-five years of age with a first class commerce degree would be preferred for this position.

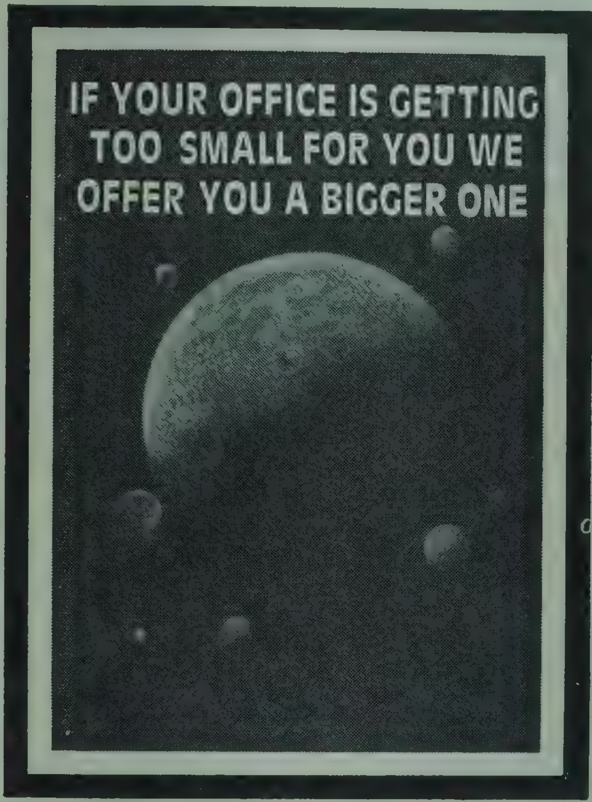
The compensation package for all these positions area attractive and negotiable depending upon the candidates potential and experience.

Please apply in confidence superscribing the envelope with the relevant Reference No. to.

PERSONNEL SEARCH SERVICES
Regd. Office: No. 1, 3rd floor, Sambava Chambers, Sir P. M. Road, Fort, Bombay-400 001. Tel: 286 2660, 295963, 255476, 286 0755

Clamar

APPOINTMENTS



The world. As **Chief Executive** of the **Export House** of the Shaw Wallace Conglomerate. A job that offers challenges to suit your philosophy of growth. And that of the Group. Today, the Shaw Wallace Conglomerate is one of the most distinguished, blue-chip corporations of India with a turnover of Rs 500 crores. Our activities span 20 businesses and 55 products including detergents, toiletries, tea, yeast, shipping, real estate, fertilizers and pesticides.

We are looking for a dynamic person in the age group of 40-50 years. He would be based in Bombay or Delhi and would be required to set up, restructure and reconstruct for fast-track growth. His responsibilities include exporting in-house products, sourcing quality products from other manufacturers, developing markets abroad and dealing with export entitlements.

He should have worked in a large Export House for at least 10 years; and should know the major export markets and their potentials. He must also have an impressive network of contacts overseas.

The remuneration package is attractive and compares with the best in the industry.

So, if you want the world at your feet, please apply with a detailed resume within 10 days to:

Assistant Vice President—Staff,
Shaw Wallace & Company Limited,
4 Bankshall Street, Calcutta 700 001.

Shaw Wallace

THE SHAW WALLACE CONGLOMERATE

THE SPIRIT OF ENTERPRISE

LINTAS (CAL)/SW/P10/2116

TECHNICAL DIRECTOR

REQUIRED BY A LARGE WELL ESTABLISHED ELECTRO THERMAL PLANT IN SOUTH INDIA. EMOLUMENTS PACKAGE UP TO Rs. 3 LACS HIGHLY QUALIFIED METALLURGISTS WITH OUTSTANDING RECORD IN FERRO SILICON ETC. MAY APPLY IN CONFIDENCE TO BOX NO. 747, BUSINESSWORLD, 6, PRAFULLA SARKAR STREET CALCUTTA-700001

Our client, a professionally managed rapidly growing Automobile Company in Technical Collaboration with the world leader of the product line, is looking for a General Manager—Quality Control. The current turnover of the company is Rs. 300 crores and it has ambitious expansion programme to Introduce top of the line related automobile products in the Indian Market in the next 12 months.

GENERAL MANAGER—QUALITY CONTROL

NORTH INDIA

Rs. 7500 + House + Car + Perks

The incumbent will head the department with total responsibility of Quality Control activities which will include Quality Assurance, Vendor Quality Control and Manufacturing & Metallurgical Quality Control. The areas of activity will cover the assembly and finishing departments involving fabrication, paint shop final assembly, and testing of vehicles. Prime responsibilty will include developing and implementing quality plans, reviewing and updating Quality Control procedures and practices, conducting quality audit checks and effectively assisting sub-contracting activities by establishing SQC systems and inspection methods and assessing the vendors' capacities/capabilities.

Applicants should be in the age group 42 to 50 years, possessing degree in Mechanical Engineering preferably with post graduate qualifications in Quality Control with at least 20 years of relevant experience in Automobile/Large Light Engineering Industry of which at least 5 years should have been in similar position.

SALARY WILL NOT BE A LIMITING FACTOR FOR THE RIGHT CANDIDATE.

Please write in strict confidence within 7 days with particulars regarding age, qualifications and experience and salary drawn and expected, marking the envelope and enclosures with Job title and code GM/7 to :

omam Consultants Private Limited

14-D BASANT LOK,VASANT VIHAR,NEW DELHI-110 057 TEL : 670821/604587

VIDEOCON

COIL WINDING INTERNATIONAL

ARE YOU A REGULAR READER OF ABOVE MAGAZINE FOR LAST 10 YEARS ?

HAVE YOU BUILT UP YOUR CAREER BY DEDICATING YOURSELF TO **HI-TECH COIL WINDING,** ENAMELLED WIRE, BOBBINS, INSULATION TAPES, VARNISHES AND MAGNETIC CORES ALL THESE YEARS?

ARE YOU EMPLOYED IN A REPUTED SET UP PRODUCING ITEMS LIKE AUTO ELECTRICALS, RELAYS/CONTACTORS, TRANSFORMERS FOR TELEVISION INDUSTRY SUCH AS FBT/EHT (FLY BACK TRANSFORMER), DY (DEFLECTION YOKE) ?

DO YOU FEEL PREPARED FOR A CHANGE NOW ?

WE ARE LOOKING FOR **A DY. GENERAL MANAGER FOR OUR FBT PROJECT.**

FEEL INTERESTED ?

NO ! DON'T SEND US YOUR RESUME, NOW ! WE SHALL SEND YOU MORE INFORMATION & DETAILS ABOUT OUR REQUIREMENT FIRST.

JUST SEND YOUR CARD AND CONTACT ADDRESS TO OUR CONSULTANT:

hemendra k. varma
management productivity systems
post box 9313
bombay 400 036.

APPOINTMENTS

NCST

R & D and MANAGERIAL OPPORTUNITIES at

NATIONAL CENTRE FOR SOFTWARE DEVELOPMENT, Bangalore and at

NATIONAL CENTRE FOR SOFTWARE TECHNOLOGY
Gulmohar Cross Road No. 9, Juhu, Bombay 400 049

Advt. No. 1/90

NCST is an autonomous R & D Centre under the administrative purview of the Dept of Electronics (DoE), Government of India. NCSD is being set up as a unit of NCST to strengthen R & D back-up and advanced training for promoting Indian software efforts.

NCST invites applications for the following posts:

a) R & D Staff in Software Engineering and/or Operating Systems at different levels of experience. **b)** Manager **c)** Manager for Software Development Facilities **d)** Assistant Manager for Software Development Facilities **e)** R & D Staff in: i) Data Base and Office Information Systems ii) Graphics and CAD iii) Knowledge Based Computer Systems iv) Real Time Systems and Networks **f)** Visiting Scientists in the R & D areas listed above.

The Centre will make suitable job offers to selected candidates depending upon experience and qualifications. The pay scales to be considered will range from Rs. 3700-5000 to Rs. 2000-3200.

MINIMUM QUALIFICATIONS:

For posts **(a)**, **(c)**, **(d)** **(e)** and **(f)**: Candidates should have a I Class B.E./B. Tech./Masters Degree in a relevant field with University level courses in Computer Science/Computer Technology or NCSDCT/NCST Certificate in Software Technology, I Division.

For post **(b)**: First, or high Second, Class B.E. or M.Sc. (in physical/mathematical sciences) and further study related to Management/Administration. Knowledge of computer science/engineering NOT essential.

AGE LIMIT: For Grades 2000-3500 and 2200-4000: 30 years.For Grades 3000-4500 and 3700-5000: 40 years

Age limits are relaxable for candidates from Government units, or from Government funded autonomous institutions, who can become available to NCST on a deputation basis. Candidates should apply in the prescribed form. Candidates from Government/Semi-Government and Government funded autonomous institutions should apply through proper channel. A detailed write-up giving information on NCST and NCSD, job opportunities and prescribed requirements, along with application forms, are available from the Administrative Officer (Personnel). Send a self-addressed envelope of size 24 cm. x 11 cm., stamped for Rs. 1.40. Completed application forms together with copies of certificates should reach the Administrative Officer (Personnel) of the Centre not later than July 30, 1990.

Gordon Woodroffe Limited

require

MANAGERS

for their

Services Division

The vacancies exist at senior, middle and junior management levels, to cater to the growth in business and expansion plans.

Founded in 1868, Gordon Woodroffe is a well known Company engaged in a wide range of services in the field of transportation as Airfreight Agents and Freight Forwarders, Clearing & Forwarding Agents, Steamer Agents, Superintendence, Insurance and Travel with several branches in India and a network of Agents and Associates world-wide.

The Company is looking for high calibre professionals having relevant experience and qualifications combined with integrity and a result-oriented attitude.

Placements are envisaged at the Company's headquarters at Madras as well as at the branch offices at Bombay, Hyderabad, Bangalore, Calcutta and Delhi.

The compensation package will be attractive and will not be a constraint for the right person.

Applications would be treated in strict confidence. Candidates may apply enclosing a photograph and giving details including current emoluments and expectations, within 10 days to:

The Chief Manager – Personnel
Gordon Woodroffe Limited
36, Rajaji Salai, Madras – 600 001.

MARKETING PERSONNEL

CMC Limited, India's leading Information Technology Company, provides a complete range of computer support services to users in India and abroad. Our turnover in 1989-90 was about Rs. 125 crores. The Company's fundamental objective is to act as a catalyst for the rapid development and meaningful utilization of Information Technology in the vital sectors of the economy.

We are looking for Marketing Executives who will be located in various cities of Eastern India.

MARKETING EXECUTIVES (ME)

Marketing Executives will be involved in identifying prospects, understanding customer needs, liaising with them and providing solutions. They will be responsible for marketing CMC's wide range of products and services and implementing the organisation's marketing strategy in the context of CMC's overall objectives.

The candidates should possess a Management Degree/B.E./B.Sc. (Tech) with 1-5 years' relevant experience. Knowledge of computer hardware/software would be an additional asset.

We are on the lookout for dynamic candidates with excellent communication and interpersonal skills.

The compensation will be commensurate with qualifications and relevant experience.

Criteria will be relaxed for SC/ST candidates in keeping with Government guidelines.

Please apply within 15 days to:

The Personnel Officer

CMC Limited

28, Camac Street, Calcutta 700 016.

Envelopes should be superscribed 'ME'.

(A Government of India Enterprise)

CMC... information technology to improve the quality of life for all.

Pratibha/CMC 71/90-91

It's time you grew into the big league of corporate and institutional finance.

The challenge..........

GENERAL MANAGER (FINANCE) Designate — BHUBANESWAR

The incumbent will take charge as the head of the department where the prime emphasis of the function lies in interacting with the Finance Ministry, financial institutions and a consortium of both national and foreign banks. In addition the position involves responsibility in the areas of Corporate Finance, Corporate Accounts, Costing and Budgeting, Taxation, Audit, Central Excise & Customs and Systems & MIS. Exposure to dealing with Financial institutions, Commercial banks, RBI etc. is a must.

The position is a part of the senior management team and calls for a high degree of maturity, innovativeness and a penchant for being a " **hard task master** ".

The incumbent must be a qualified CA with 10-15 years experience of which at least 5 years should have been at a policy formation level in organizations of repute. The company will lay a strong emphasis on communication and leadership skills with exposure to a computerised set up.

CHIEF FINANCE MANAGER — NEW DELHI

The incumbent shall be located at our New Delhi Office and shall report to the General Manager (Finance). The job entails interacting with the Finance Ministry, financial institutions and multinational banks on a continuous basis, meeting deadlines, preparing necessary projections and arranging for long and short term financial requirements of the company. Liaison with Registrars and share transfer agents at Delhi is also a part of the responsibilty. Exposure to dealing with financial institutions, commercial banks, RBI is a must.

It is also expected of the incumbent to participate in long range planning for the Group, projects and overall administrative matters that require to be co-ordinated from our New Delhi office at the Central Government level.

The incumbent must be a qualified CA with at least 10 years of post qualification experience. A CS will be an added advantage.

COMPANY SECRETARY

BHUBANESWAR

The incumbent will be responsible for all secretarial matters of the company including maintenance of statutory records, compliance with Company law matters, MRTP, FERA and other allied activities besides servicing a large body of shareholders. Familiarity with public issues is essential. The person shall also be responsible for conducting Board and General Body meetings.

The candidate must be a qualified Company Secretary with at least 10 years of post qualification experience in secretarial functions in a large reputed organisation.

The Rewards..........

This is an opportunity to work for a fast growing company, that is an acknowledged leader in the core sector. The pay package will be comparable with the best and shall not be a constraint for the right candidate.

The Environment ....

imfa

The IMFA Group is a dynamic and fast expanding Industrial house in the core sector, with investments worth Rs. 500 crores. With current interests in the areas of Metallurgy, Power Generation, Mining and Aviation, the group is poised to touch the Rs. 1000 crore mark in the near future.

ICCL

Indian Charge Chrome Limited (ICCL), the largest and fastest growing company of the IMFA Group, is looking for result-oriented high performers with a proven track record in organisations of repute.

All you have to do...........

Is send your resume [not more than 2 pages] giving full details, including contact telephone and fax nos. etc. within 10 days of this advertisement to :

SENIOR VICE PRESIDENT

INDIAN METALS & FERRO ALLOYS LIMITED

RASULGARH, BHUBANESWAR 751 010 Tel : 0674-52777 Fax : 0674-54420

MEDIA WORLD

UVIFORT

WANTED: MARKETING MEN FOR FLEXIBLE PACKAGING

Uvifort Metallizers offers you a marketing challenge to set you free. Free from sub-standard product quality, from late deliveries and missed deadlines.

Thanks to the singular commitment of Uvifort to highest standards of quality and service in their new venture in flexible laminates—a Rs.22 crores project targetted for Rs.45 crores turnover. Soon, the project will be starting to manufacture and market a complete range of **flexible packaging**. Also in line are **Sun Control Films, Hot-Stamping Foils and Holograms.** All under one roof.

Implemented with the technical co-operation of world leaders like **Cerutti (Coater/Laminater); Gravure Printing Press; Galileo (Metallizer) and Titan (Slitter).**

At Waluj, Aurangabad, Maharashtra.

In order to market the large volumes, we are setting up Regional Offices at **Bombay, New Delhi, Bangalore** and **Calcutta** and are looking for top marketing personnel who are open to challenging job prospects. People who will sell to or compete with companies such as Ampro, Amul, Annapurna Foils, Auro Food, Bakeman's, Biax Packaging, Britannia, Brooke Bond, Cadbury, Campco, Colgate–Palmolive, Colour Cartons, Coronation Colourpack, Cosmos Films, Dr. Writer's, Ester, Excel, Flex Laminaters, Flowmore, Garware Plastics, Glaxo, Godrej, Gujarat Propack, HGF Laminates, Hindustan Lever, India Foils, Indian Aluminium, Indodan, Lipton, M M Rubber, Mupnar Films, Nestle-Food Specialities, Nutrine, Paper Products, Parle, Parry, P.G. Foils, Polyplex, Premier Paper, Rathika, Ravalgaon, Sathe, Sharp Prints, Tata, Tomco & Venlon.

We are looking for:

GENERAL MANAGER

Heading the All India Marketing and Sales function at Calcutta, your job responsibilities include: effectively building and leading a strong marketing team; formulating and implementing marketing strategies and plans; establishing a nation-wide distribution network; maintaining close liaison with Works, and after-sales services. You should be between 35-40 years of age with a varied experience in Marketing in the Packaging Industry.

REGIONAL MANAGERS

You will be responsible for achieving regional sales targets, product promotions, business developments, demand forecasting and customer service. You should be approximately 30-35 years old and have diversified experience in sales management in the packaging business.

TECHNICAL SALES EXECUTIVES

Should be Science Graduates with Diploma in Packaging Technology from IIP with 1-2 years experience in the technical marketing of Printed Flexible Laminates.

The job responsibilities will include understanding and developing clients' packaging needs, co-ordination between Factory, R&D and clients.

Age—28-32 yrs.

SALES OFFICERS

Should be Science Graduates with 1-2 years experience in selling Multi-colour Printed Flexible Laminates.

The job responsibilities include meeting clients' packaging needs and achieving sales targets.
Age group—22-25 yrs.

As regards remuneration and rewards, if you fit the bill, we are flexible.

Please mail a detailed resume with photograph and a hand-written covering letter within 10 days to:

The Director
Uvifort Metallizers Limited
5B Poddar Point
113 Park Street, Calcutta-700 016
Phone:293934/8225

APPOINTMENTS

SESA GROUP — IRON ORE | SESA GROUP — SHIPBUILDING | SESA GROUP — PIG IRON | SESA GROUP — INFORMATION SYSTEMS

The **Sesa Group** which started with **Sesa Goa Limited** in 1954 engaged in the business of mining and export of iron ore has, after its Indianisation in 1982, diversified into other engineering fields like Shipbuilding, machinery manufacture and Information and is now going in for the manufacture of Pig Iron. The Company is now poised for a major expansion into new areas of manufacture and information and offers exciting opportunities to Managers who join the Group at this crucial stage of its development.

GENERAL MANAGER-PIG IRON PROJECT

The project for the manufacture of 200,000 TPA of low phos pig iron is already in an advanced stage of implementation. The candidate we are looking for will take over the completion and commissioning of the project as well as its subsequent expansion and will be in charge of the business at the operational level.

The candidate should be a graduate in metallurgical or mechanical engineering, 40-45 years of age and will have atleast 15 years experience in steel plant related operations, with strong leadership qualities and an action oriented bent of mind.

MAINTENANCE MANAGER

The candidate should be a graduate in mechanical engineering around 35 years of age, with atleast 10 years experience in maintenance operations preferably connected with blast furnace and related equipment. He should have a sound practical knowledge, shop floor experience and the ability to guide a competent maintenance activity.

PRODUCTION MANAGER

The candidate should be a graduate in metallurgical engineering around 35 years of age with 10 years of steel plant related experience particularly close familiarity with blast furnace operation. He should also be capable of motivating his production team to its best capability.

MANAGER – INDUSTRIAL ENGINEERING

The candidate should be around 35 years of age with post graduate qualification in Industrial Engineering. He should be familiar with the setting up of productivity standards using Methods, Time and Motion studies and Work Measuring techniques for jobbing works. Experience should cover successful introduction of productivity based incentive scale.

WORKSHOP MANAGER

The Company has a reasonably well equipped workshop for structural fabrication, a machine shop and an engine overhaul facility. The candidate we are looking for should be 30-35 years of age with around 7-10 years experience in similar workshop operations and the ability to achieve a high level of productivity in jobbing work.

Candidates who have responded to our earlier advertisements need not apply.

The above positions are in the Company's covenanted Management grade and carry an attractive remuneration package. Applications giving full details should be addressed to the ***General Manager – Personnel, Sesa Goa Limited, Altinho, Panjim, Goa – 403 001.***

Clamar

BHARAT PETROLEUM CORPORATION LTD.

(A Government of India Enterprise)

Requires

Chemical Engineers As MANAGERS DY. MANAGERS

Number of Posts:

Managers: 2 (1 reserved for SC)
Dy. Managers: 2 (1 reserved for SC)

Gross Emoluments between Rs. 60,000/- and Rs. 70,000/- per annum (Under Revision) plus coveted perks including housing.

We are looking for qualified Chemical Engineers from recognised Engineering Institutes with 7 years of relevant experience in Refining/Petro-Chemicals/Gas Processing.

Responsibilities would cover the areas of Refinery Plant Operations, Technical Services, Projects and other allied functions. Engineers with relevant experience would have ample opportunities for displaying their skills and competence in the areas of Operations, Process Design, Process Trouble Shooting, Production Planning, On-Line Computer Systems, etc.

Growth prospects with us for an individual are good and have become well-known in industry. In return we are seeking in the incumbent, commitment, diligence and a high level of enthusiasm besides professional skills and abilities.

Successful candidates would be between 30 and 37 years of age in the case of Dy. Managers and 35 to 42 years of age in the case of Managers. In the case of reserved categories, however, the upper age limit would be relaxed as per rules.

Interested candidates may submit their applications giving details of age, qualifications, experience, references, etc., along with a brief write-up highlighting at least one of their achievements, within 15 days to:-

Dy. General Manager (P&A)
Bharat Petroleum Corporation Ltd.
Refinery Site, Mahul
BOMBAY 400 074

In the event of non-availability of SC candidates, ST candidates will be considered.
Public Sector candidates should apply through their employers.
Candidates who had responded to our earlier advertisement in 1989 need not respond again.

NOCIL

NOCIL

National Organic Chemical Industries Limited

require

CORPORATE MANAGER – HUMAN RESOURCES
BOMBAY

Excellent remuneration including housing plus car with driver and liberal perks.

The Corporate Manager – Human Resources will form a part of a Top Management Team and after adequate familiarisation will be placed in charge of total Human Resources functions in the Organisation. He will report directly to the Managing Director.

Applications are invited from senior Human Resources specialists having post-graduate qualification, with atleast 15 years experience, out of which 5-7 years must have been at a Top Management position in a reputed, large manufacturing organisation.

Industrial Relations being an important aspect of the job, the incumbent should be fully conversant with all facets of personnel management with a strong and practical human relations approach for ensuring positive and meaningful employer/employee interaction at all levels.

He will be dealing with a large professionally-trained team of staff and will be required to operate from two locations, i.e. Head Office at Nariman Point, and Plant at Thane-Belapur Road, Thane.

He will also be looking after the Human Resources functions in respect of the Company's Agrochemicals Plant at Lote Parshuram, marketing office at Prabhadevi, Bombay and Branches at Delhi, Calcutta and Madras.

Age group: around 45-48 years.

The remuneration package will be designed to attract the best talent in the profession.

Please write in confidence, within 15 days to:

Managing Director,
National Organic Chemical
Industries Limited,
Mafatlal Centre, Nariman Point,
Bombay 400 021.

Imageads

INDAL

INDAL

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QUALITY CONTROL MANAGER
at its Corporate Office (Calcutta)

The incumbent will report to the Vice President—Technology and will be responsible for spreading Total Quality Management (TQM) throughout the Company. He will act as a trainer in TQM and will organise TQM Committees in the plants and offices, helping the committee members on TQM methods.

Applications are invited from candidates having a Degree in Engineering and preferably with Post Graduate qualification in Industrial Engineering.
Experience of around 10 years in production/quality is essential, with familiarity of statistical process and quality control techniques and the requirements of the ISO—9000 series of Quality System standards.

Age should be around 40 years.

Salary will be commensurate with qualifications and experience. Perquisites include House Rent Allowance, Compensatory Allowance, Leave Travel Assistance, Superannuation Benefits etc.

Please apply (superscribing the envelope with the post) within 15 days stating age, qualification, experience, present and expected salary to :

Staff Manager
Indian Aluminium Company, Limited
1 Middleton Street Calcutta - 700 071

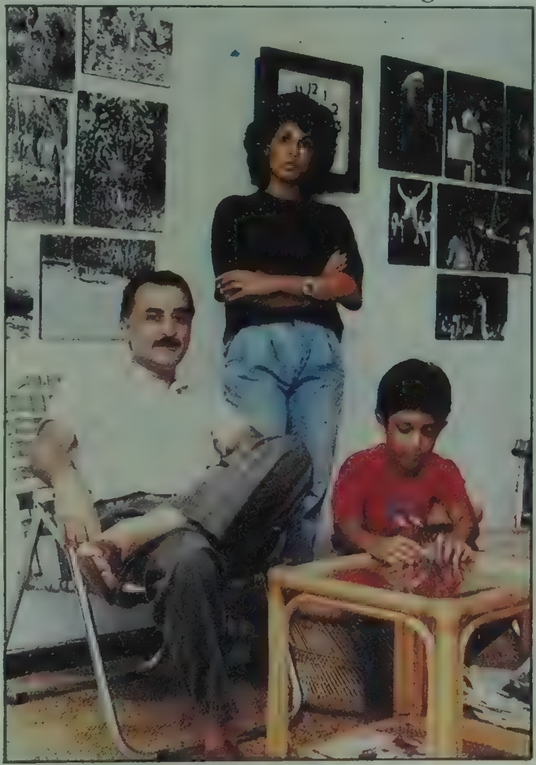
4081

APPOINTMENTS

Gregarious, extroverted and generally the life and soul of any given party, Ashok Soni is back in Bombay after a three-year separation from the metropolis into which he fits very naturally. Early in May, Soni took charge as the general manager (finance) of Voltas Ltd.

"I'm very happy to be back in Bombay where I had served two five-year stints — not stunts — earlier," laughs Soni (45). "The city is the commercial and financial capital of the country and it is home to India's most competent professional managers. I am looking forward to becoming involved with the innovations and creativity in finance and financial instruments for which the city has acquired a good reputation," he adds.

To the uninformed, Soni's cocktail circuit charm and reluctance to talk business off-duty is likely to prove misleading. For Soni brings to his current assignment a wealth of experience acquired with several blue-chip companies.


THE SONIS ARE BACK IN TOWN

A physics, chemistry and mathematics graduate of Lucknow University who was enrolled as a chartered accountant in 1968, Soni began his professional career with ICI as an assistant works accountant. He served ICI group companies in several capacities and locations, including Bombay, Calcutta, Delhi and London, for 14 years, rising to the position of manager (corporate taxation and accounts). But with the ICI group's ambitious expansion plans never quite taking off, in 1983 Soni put in his papers and signed up with Wimco as chief accountant and general manager (finance).

Four years down the line in the more liberal economic climate of the eighties, Soni was bitten by the entrepreneurial bug and played a not insignificant role in arranging a business alliance between the Hong Kong-based tycoon Mohan ('Mike') Murjani and the Ahmedabad-based Sanjay Lalbhai (of the flourishing Arvind Mills) to launch a blitz of readymade garments around the world. When the deal came unstuck for mysterious reasons, Soni played a stellar role in persuading Bata India to replace Lalbhai. Though Inmark Brands Pvt Ltd — the Murjani-Bata venture — has been modestly successful with its North Star range of leisure wear, Murjani's subsequent tax and financial problems have diverted his attention, putting paid to the expansion plans of the company. Which is probably why Soni is back into the organised corporate sector and Voltas in particular.

"My first impressions of Voltas are very positive. The company has a liberal culture, a people orientation and healthy environment. And, most important, it's on the fast growth track," say Soni.

Soni's return to Bombay also confers another benefit upon the city: the return of his personable wife Ayesha. A more-than-competent professional photographer, Ayesha Soni began her career with *Business India* and *BusinessWorld* before graduating to working for several advertising agencies. Ms Soni is keen to re-enter her profession in a city where she had won golden opinions. "I'll do that as soon as my son Kabir (10) is admitted to school. There seems to be a tremendous pressure on the schooling system in Bombay," she says.

That's a first-hand introduction to social planning, *neta-babu* style.


DILIP THAKORE

A corporate perestroika exercise with far-reaching implications has just been concluded at Standard Chartered Bank (India). And the individual starring role in this particular drama is P.S. ('Peshi') Nat (49). Having initiated the exercise last October, Nat formally assumed charge as chief executive of the bank in March this year. "We have restructured the bank on market segment lines. Henceforth the bank's main businesses, viz corporate banking, treasury (foreign exchange, government securities and interaction with public financial institutions), consumer banking and merchant banking operations will be run on divisional lines as independent profit centres. This restructuring is the result of a deep review based on several market surveys and a mountain of intelligence," says Nat.

For Nat, a history and economics graduate of Delhi University who signed up in 1960 with Standard Chartered Bank (SCB) — which planted its flag on Indian soil 130 years ago — the elaborate perestroika exercise is yet another personal milestone. The others: he was the first Indian management trainee in the bank, and early this year became its first home-grown CEO. And though Indian operations contribute a mere 2% of the London-based Standard Chartered Bank plc's aggregate assets (£25 billion, or Rs 73,000 crores in 1989), by indigenous standards the low-profile SCB (India) is by no means a small change enterprise. Total assets as on 31 March 1990 aggregated Rs 1,364.46 crores. The bank has 24 branches in India with 2,800 employees and posted an impressive net profit of Rs 28 crores in fiscal 1989-90.

With Nat now firmly on the captain's bridge, SCB is likely to exhibit a higher profile in the high potential market for financial services. In keeping with the temper of the times, the bank's consumer banking division is likely to impact itself on the public mind. "Consumer banking is undoubtedly a growth area, but contrary to popular opinion, it is a high-risk business in which administration

CAN YOU SEE STEEL IN THIS MAJESTY OF MARBLE ?

The discerning eye can see beyond the obvious. Far beyond the intricate form of this Dilwara Temple situated on the extensive pateau of Mount Abu in the Aravalli mountains of Rajasthan. Of white marble, the interior is lavish in sculpture and architectural decoration. Columns, ceilings, porticos and cells, display marble figures based on geometrical mandala with super-imposed planes and concentric rings in the form of a star. In each cell is a polished stone idol representing a tirthankara or Jain saint.

Centuries have rolled by. Monuments, great and small, have come to adorn our land. The men who made these aesthetic masterpieces possible were the anonymous artists in league with the blacksmith. It was that forgotten furnace which forged steel tools and implements, however crude and archaic. Thus, the backbone of such sweeping creativity was, as always, technology. In a word, steel forging. And centuries of steel forging in India is today reaching a technological zenith with POWMEX STEELS.

POWMEX is emerging as Asia's first plant to produce High Speed Steel and Super High Speed Steels through Powder Capsule Forging Technology.

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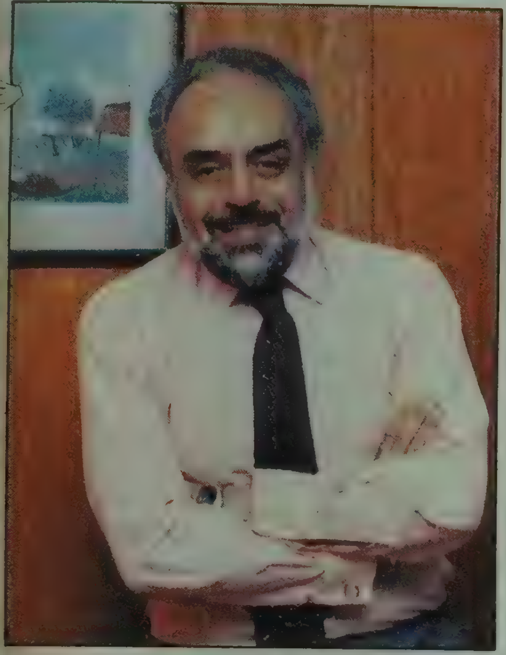


NAT: DOING A GORBACHEV AT STANCHART

and default costs can escalate rapidly. Therefore, we are expanding our operations in this market segment with our customary caution," says Nat.

Looking ahead and at the bigger picture, Nat voices a banker's cautious optimism. "There are some clouds on the horizon: the internal and external deficits of government, inflation, slackness in the capital market and political uncertainty. But the government is committed to economic deregulation. And abroad there is a great interest in doing business with India. Certainly our parent company is ready, willing and able to commit a much larger flow of resources to SCB's Indian operations," adds Nat.

A keen bridge and golf player in his leisure hours, Nat lives in Bombay with his wife Poofi and keeps in close touch with his children Vikram (24) and Priya (22), now studying abroad.

Even if he hasn't made it to Rashtrapati Bhavan, the indigenous version of the White House, P.N. Singh (48) has travelled a long way down the road to professional recognition from his log cabin in Chapra, Bihar. One of six children of a railway station master, Singh studied in a Hindi-medium village school upto the matriculation level. But unlike some of our foolish 'leaders' who advocate the boycott of English, after matriculation Singh devoted his formidable energies towards the study of this so-called elitist language. With profitable results.

On 1 May, his 400th (English) newspaper column appeared in print. Moreover, Singh has authored six books, including *Training for Management Development* and *Developing Entrepreneurship for Economic Growth*. His latest book *The Sky is the Limit* (Suchandra Publications, Rs 25) is receiving a satisfactory public response, says Singh.

But communicating through the written word is one of Singh's subsidiary ambitions. His primary goal has been to succeed as a professional manager in Indian industry. To a satisfying extent this ambition has also been realised. Currently the senior vice-president (human resources development) of Indian Rayon Ltd (sales: Rs 309.74 crores in fiscal 1989-90), Singh prides himself on being "the first villager president of the Bombay Management Association (BMA — 1986) and the Indian Society for Training and Development (ISTD — 1988)."

As disgusted as any sensible individual would be with the scorched earth policies of the nation's reckless politicians and bureaucrats, Singh nevertheless believes that for the truly determined there is upward mobility and a place in the system. He should know, for his entire academic career has been financed with hard-won scholarships.

After matriculating from his village school, Singh won a scholarship to read his inter-science at Patna University. Next, he was one of the 100 selected from among 7,000 applicants to the Indian School of Mines, Dhanbad, and awarded a government scholarship. In 1963, Singh graduated from the school with a degree in petroleum engineering and signed up with the public sector Indian Oil Corp (IOC).

Eleven years later, he was given study leave when he won an Andres K. Roxas scholarship to study business management at the Harvard University-promoted Asian Institute of Management, Manila.

In 1975, Singh returned to India and IOC and shortly thereafter was awarded a doctorate for his thesis on entrepreneurship development by the Jamnalal Bajaj Institute of Management Studies, Bombay. In 1981, after a career spanning 18 years, Singh left IOC and signed up with Voltas Ltd as manpower development manager. In 1988, he joined Indian Rayon as the company's senior vice-president, human resources development.

Singh believes that India has an abundance of managerial and entrepreneurial talent which needs encouragement and guidance. "Though, of late, there has been a greater emphasis on HRD, a great deal of talent is being crushed by government and a society which values conformity. The nation urgently requires larger outlays on education which is the bedrock of HRD," says Singh.

THE SINGH FAMILY: ACHIEVERS ALL

Actively involved with the BMA and ISTD and leading "a busy life," Singh lives in suburban Bombay with his gracious wife Chandrakanta and children Sanjay (25), a chartered accountant, Sunita (23), a management trainee with Crompton Greaves, and Anita (20), who is reading business administration at Bombay University.

■ *Dilip Thakore*

The author is the chief executive of Datamatics Direct and former editor of BusinessWorld.

MORE VENTURE CAPITAL FIRMS

The list of venture capital outfits is lengthening. The Andhra Pradesh Industrial Development Corp as well as the Gujarat Industrial Investment Corp are soon to launch venture capital companies. According to the grapevine, T. Thomas, the former chairman of Hindustan Lever, is set to promote a venture capital fund in association with the Mafatlals. And that's not all. The 20th Century Finance Corp will also be entering the fray soon.

In contrast, the market for venture capital companies is not expanding as much as anticipated, prompting at least one of them, the Bangalore-based TDICI, to broaden its earlier 'hi-tech only' focus to include enterprises in the services sector, and to contemplate buyout deals. All this in an effort to increase returns. Emphasis will now be more on equity participation than on conditional loans, the returns on which are poor.

CESC'S PRAWN PLANS

What's common between electricity and prawns? The answer: CESC. Not satisfied with the 500 mw additional power generation megaproject bagged by this jewel in the RPG crown, Calcutta's power supplier is now planning to venture into fresh pastures, green — and wet.

Ostensibly to erase the 'stigma' that CESC (1989 turnover: Rs 430 crores) is one of the few large companies in the country with no export earnings, its managers are blueprinting plans for a side trading business in exporting prawns. By all accounts, CESC is set to earn upto Rs 5 crores in foreign exchange next year.

But bashfulness at the nil score on export earnings is hardly the whole story behind CESC's 'diversification' endeavour. The selfsame 500 mw project referred to above will entail an annual recurring import expenditure of upto Rs 1 crore for routine upkeep and maintenance.

Planners in the RPG Enterprises thinktank foresee that if CESC can show steady export earnings, no Union government — whatever its hue in the future — can reasonably deny the company the privilege of making the necessary imports.

HEADHUNTING SPREE

Stanchart's London-based director (merchant banking subsidiaries) Ajit Mathrani is on a shopping spree: acquiring all available merchant bankers. Among those joining Mathrani's bandwagon are: R. Kannan, executive director of Canbank Financial Services, R. Sethuraman of Bank of Credit & Commerce International, Ulhas Paymaster of J.M. Financial, M.M. Kapur of UTI and B.S. Shenoy of Times Guaranty.

Stanchart is planning a major splash in merchant banking, including setting up a full-fledged portfolio management service. But the reports are that the existing top-notchers in Stanchart's merchant banking outfit will give the new inductees a cold welcome.

PROFESSIONAL REHABILITATION

Despite its apparently contradictory activities on many fronts, the V.P. Singh administration is consistent on at least one — namely, the rehabilitation of individuals who were harassed by the previous regime.

It is pleasant to note that justice is now being done to Dr Subrata Ganguly who was brusquely removed from Indian Petrochemicals Corp Ltd, allegedly because of his independent stand on policy matters relating to Ambani's business interests. Undoubtedly one of the best professionals in the contemporary Indian management scene, Ganguly has been recently nominated chairman of the board of governors of the Indian Institute of Technology, Kanpur. He succeeds Hindustan Lever's Dr Ashok Ganguly who stepped down upon his transfer to London last month.

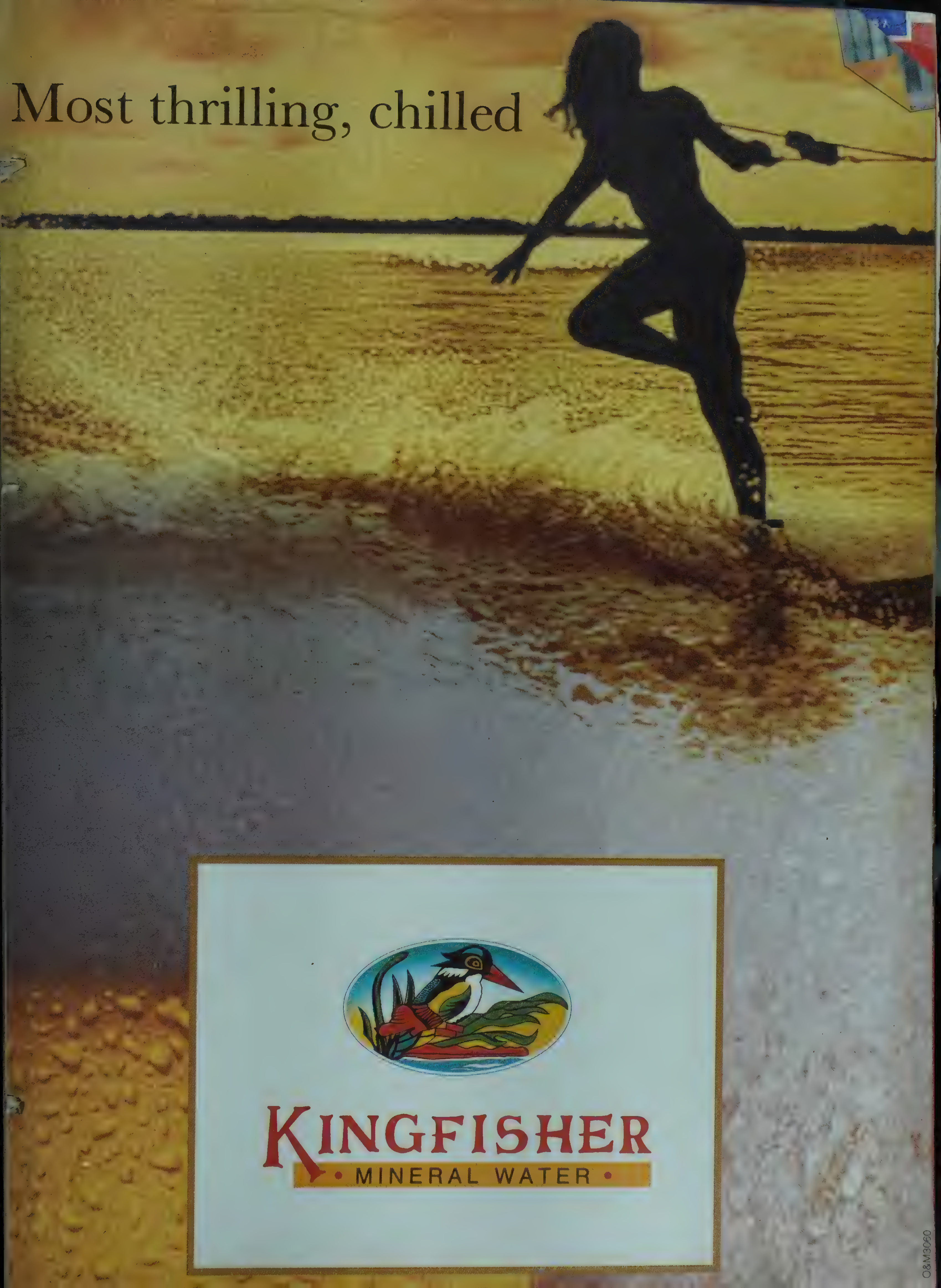
GANGULY IS BACK IN FAVOUR

AIRLINES FLOCK TO SOUTH

Suddenly, the action in international air traffic emanating from Madras is hotting up. Encouraged by the foray made by British Airways' Madras-London flight launched in November 1988, more foreign airlines will be getting into the act to woo the southern traveller. Definitely on is Lufthansa's Madras-Frankfurt flight (tentatively scheduled to start in April 1991).

Apart from Lufthansa, Thai Airways also plans to introduce a direct Madras-Bangkok flight, again from April 1991. Saudia, Saudi Arabia's airline, has already jumped onto the bandwagon and will be kicking off a Madras-Riyadh flight from October this year while Kuwait Airways is launching a bi-monthly freighter service from Madras shortly. Alitalia, the Italian flag carrier, is also said to be exploring the possibility of introducing a direct Madras-Rome flight and is doing a market survey.

Meanwhile, British Airways, enthused by the success of its Madras services, will be introducing a larger capacity 747 from the first week of July instead of the Tristar used at present while Lufthansa too is on the hunt for a 747 in an aircraft-short international market. All this could mean cutting into Air India's market and, if Indian Airlines continues with its shoddy services, into its as well.



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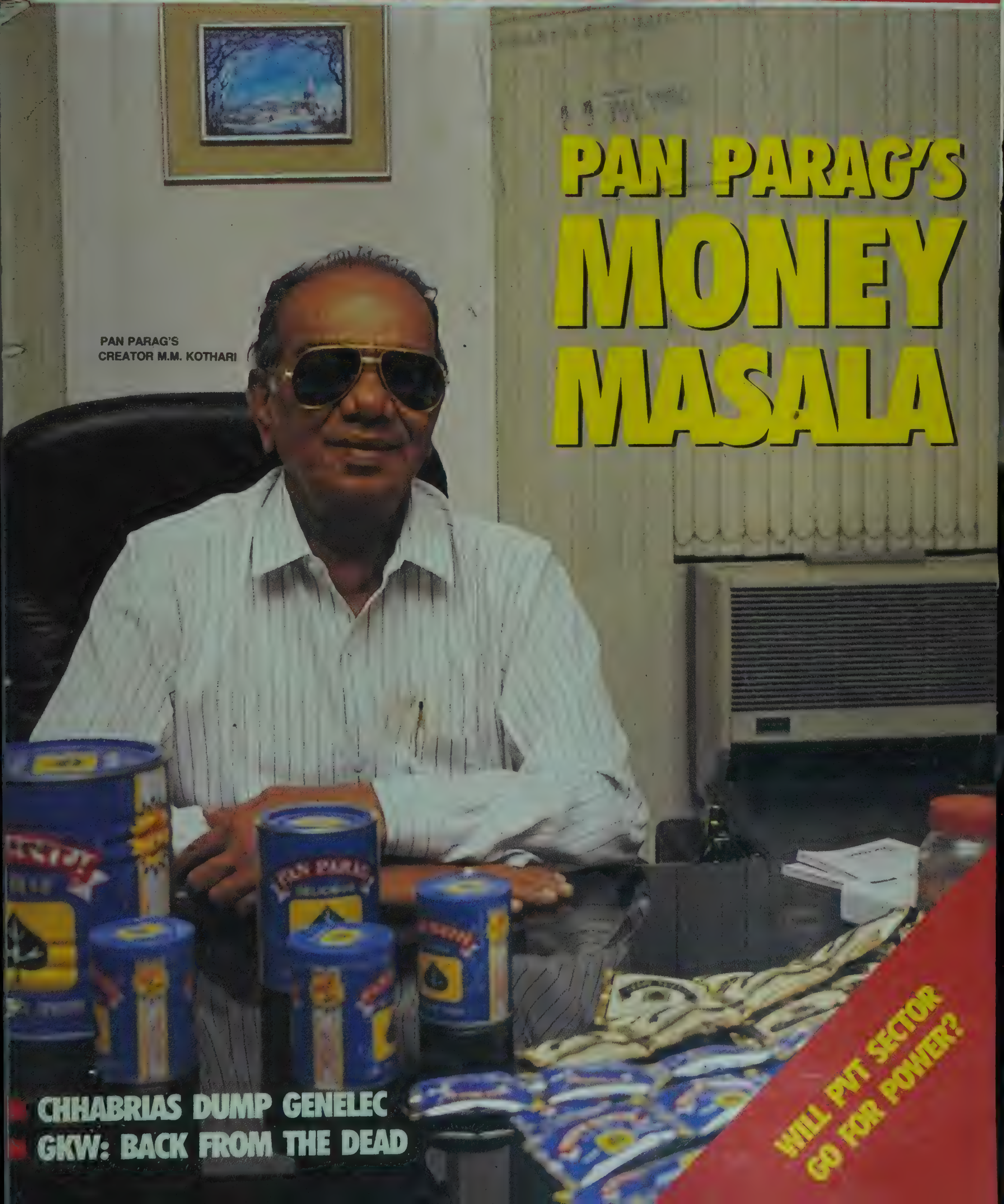
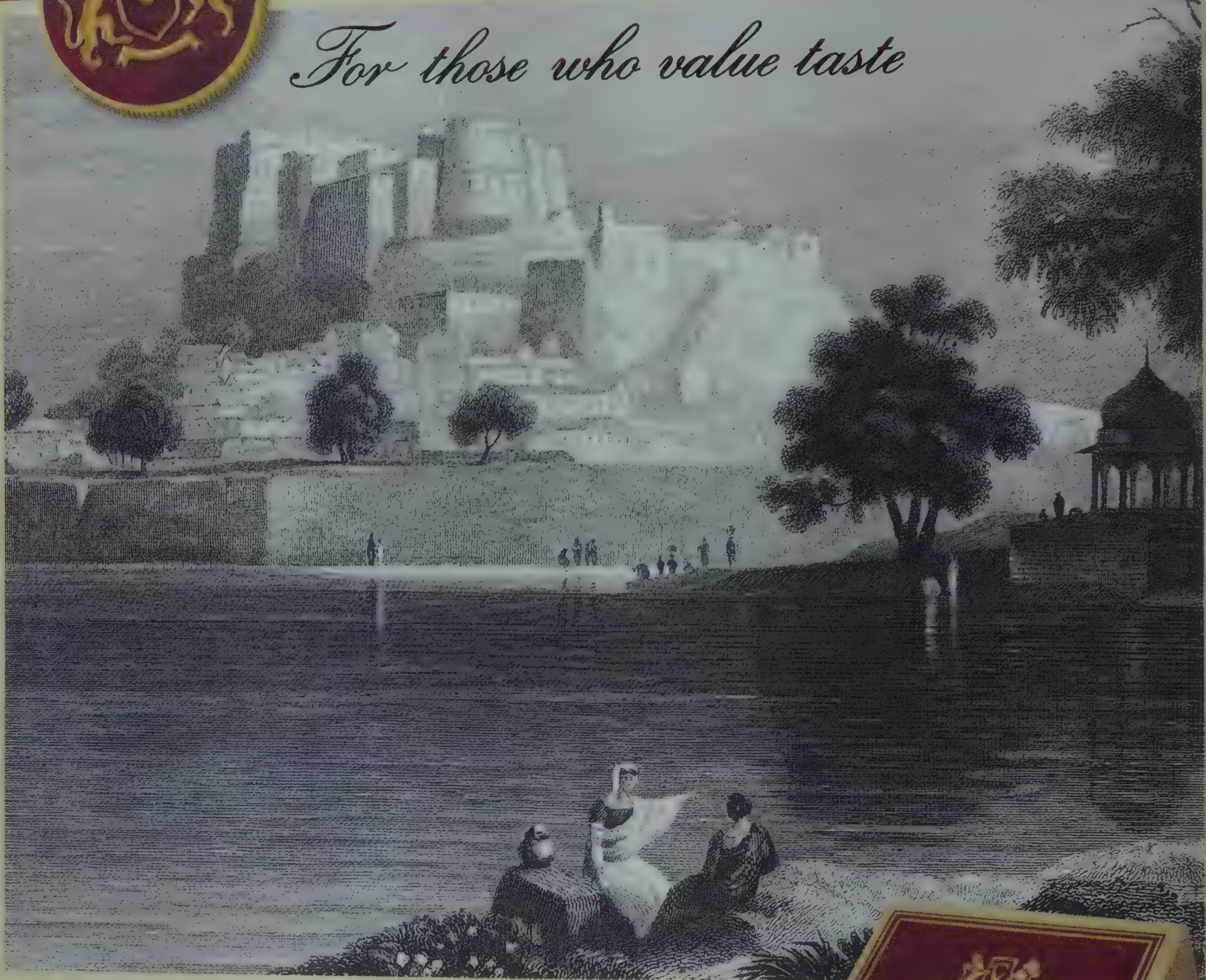


For those who value taste



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23 JUL 1990

BUSINESS QUOTES

- **I don't want to defend them (the Ambanis). But their companies should not be destroyed.**
  West Bengal chief minister Jyoti Basu on the Centre's anti-Ambani crusade, quoted in *The Times of India.*

- **Punjab National Bank is paying Esal, the company for which I stood as guarantor, $8.5 million, but fails to give me a clean chit. Can you believe that? My company is fine, I am not.**
  Rajendra Sethia, quoted in *Sunday Mid-Day.*

- **I haven't opened a refugee colony at Clarion for people who can't get jobs elsewhere.**
  Clarion chief Ashish Mitra on the agency's manpower exodus and replacements, quoted in *Business Standard.*

- **Didn't Ford fire Iacocca? Between a public sector CEO and a politician, there is a one-to-one relationship. But ultimately, the politician is the boss.**
  Bharat Business International chief S.V.S. Raghavan on his controversial exit from MMTC three years ago, quoted in *The Economic Times.*

- **Didn't we force our rivals to give consumers more content at the same price?**
  Voltas chairman A.H. Tobaccowala on Lehar Pepsi's contribution to the Indian soft drinks industry, quoted in *The Sunday Observer.*

- **(Allowing greater foreign equity means) I become a second class citizen in my own country.**
  Ficci president S.K. Birla, on allowing higher foreign investment, quoted in *The Independent.*

- **It has been difficult to do badly in business over the last four to five years (in India).**
  Citibank vice-president Jerry Rao, quoted in *Financial Times.*

- **We are buying a dream. (The) Japanese love to buy American.**
  Haseko Corporation executive Soichiro Kawase on the Japanese craze for buying property in the US, quoted in *Fortune International.*

- **The fact is that some countries are out to achieve world dominance. And some countries are letting them do that — such as the US and the UK.**
  Philips NV president Jan Timmer on the Japanese threat, quoted in *International Business Week.*

- **Transition to market economy cannot start with a revision in prices. This is an absurdity.**
  Mikhail Gorbachov, quoted in *Indian Express.*

BusinessWorld

IN THIS ISSUE

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WILL RAJGOPAL GET A POWERFUL RESPONSE ?

A FARM HOUSE: BIG BUSINESS

GOODBYE?

CORPORATE INSIGHT

GKW: BACK FROM THE DEAD

1989-90 saw Guest Keen Williams' management led by S.M. Batra achieve a turnaround of sorts. A voluntary separation scheme was financed partly through the sale of GKW's automotive pressings unit. There is now a good chance that GKW may be on the road to recovery.

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BATRA'S TREATMENT IS WORKING FOR GKW

IN THE NEWS

RESOURCEFUL VENTURE

Satish Kini's Source-One Office Automation is a

SATISH KINI: UNIQUE RETAIL OUTFIT

unique computer retail outfit offering a range of services under one roof. Promoted and owned by TradeWings, Kini is optimistic that Source-One will chalk up a Rs 8-10 crore turnover by March 1991.

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A BULK DRUG PUSH

While some players are moving out of pharmaceuticals into other areas, the UB group is consolidating its presence in bulk drugs.

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A HOME FOR THE COMMON MAN

You save; we'll try and provide the home. That's the National Housing Bank's (NHB's) strategy to solve the housing problem. "By encouraging saving for housing, we want to create a demand for houses," says K.S. Sastry, chairman, NHB.

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THE CONSULTANCY BYTE

Inderjit Sabharwal's S.I. Consultants is on the way up. A "one-of-its-kind firm" which offers everything from manpower recruitment to newsletter publishing, Sabharwal's clients include ICIM and Digital, besides other big names.

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SABHARWAL: "ONE-OF-ITS-KIND FIRM"

MELA'S MELA

Aiming to bring the major players together for a few days, Gautam Bhardwaj of Modern Exhibition Liaison Associates (Mela) is organising an exhibition on finance and investment in New Delhi. Depending on its success, he hopes to follow up with similar exhibitions in other metros.

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SPECIAL REPORT

CHHABRIAS CALL IT QUITS

The Chhabrias have apparently washed their hands off Genelec by resigning from the board.

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INVESTMENT WORLD

"CEMENT AND STEEL ARE GOOD BUYS"

Bhagirat Merchant is bullish about the stockmarket in this issue's *InvestmentWorld* interview.

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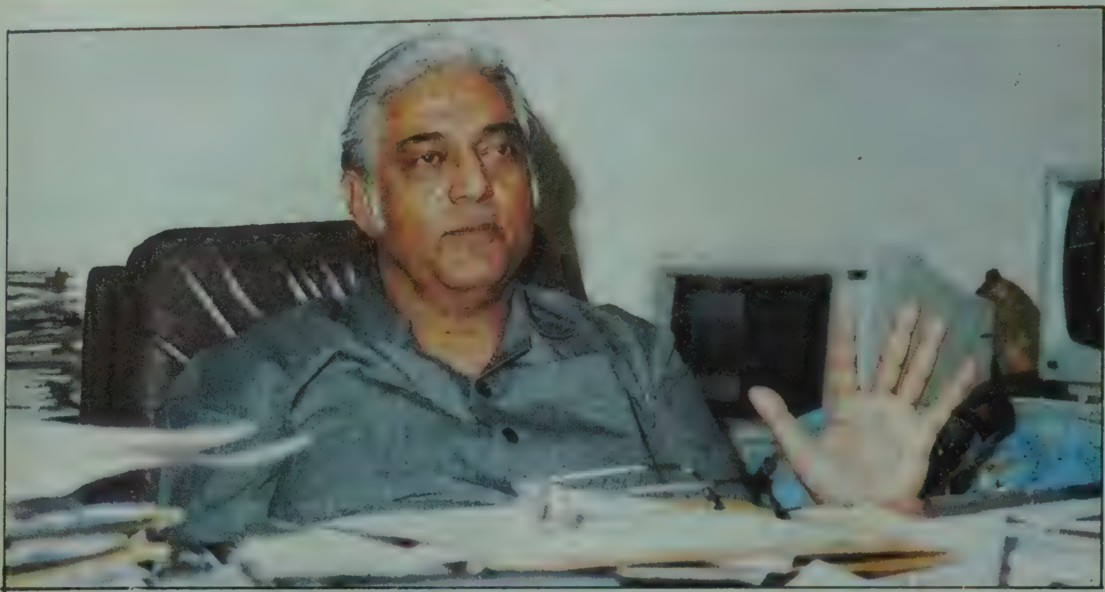


PHERWANI: A PUBLIC SECTOR MAN AT HEART

For a while, it seemed as if he was lying low. But Manohar Jethanand Pherwani is not the type to let setbacks hold him down. If he had any nasty feelings left about being eased out of the saddle at the Unit Trust of India, Pherwani didn't show any of it as he spurred his new mount — Infrastructure Leasing & Financial Services (IL&FS).

In June, Pherwani flagged off the country's first lease-financed toll road in Madhya Pradesh that's to link the Pithampur industrial estate with Indore. IL&FS hopes to recover the Rs 2 crore investment in the road over seven to eight years.

What's a Rs 2 crore affair for a man who once had Rs 2,000 crores coming to him as investible funds in just one month? For Pherwani, though, what counts is who he's working for. "I'm a public sector man — and I will always be," he says, explaining why he accepted the transformation from moneyman to tollmaster.

In a sense, his are the fingers on the trigger. But nuclear scientist and defence minister Raja Ramanna's fingers can also make music out of a piano. "I feel much at home on the piano, in resonance with it. I separate myself from everything when I play," says Ramanna.

But music and nuclear physics hardly go together. "So what's wrong with that? The fact that I can do both is good," says he. In fact, Ramanna is equally at home with either Beethoven or Liszt. "But my repertoire is small," says he modestly. Small or not, it's good enough to send seasoned audiences in raptures, as it did at Bombay's National Centre for the Performing Arts in late June.

About his ministerial work, Ramanna says "We are critically examining how the private sector can participate in defence production. India has to produce arms cheaply and efficiently. And the private sector is good at production."

That should be music to Indian private industry's ears.

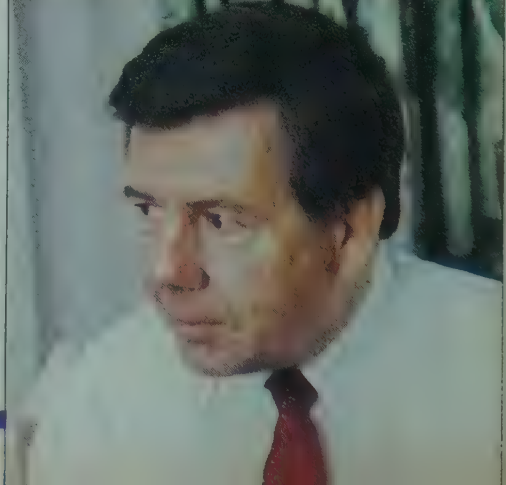
RAMANNA HAS MUSICAL NEWS

The man who dreamt about it isn't around anymore. But Birla Kennametal, the vehicle the late Ashok Birla chose to take him to the big league in machine tools, has already chalked up some success by exporting a third of its production to customers in Europe and the Far East. The turnover for 1990-91 is expected to be around Rs 3.5 crores.

"We found a kindred soul in Ashok Birla," says David Arnold, a vice-president of Kennametal Inc, explaining the US company's decision to hitch its star to the rebel Birla's bandwagon. Kennametal holds a 40% share in the joint venture's equity capital, with Birla International holding a like amount.

About Birla's son Yashovardhan, the new chairman of Birla Kennametal, Arnold says: "We have confidence in him and we will be there to help him." Seems like goodwill can be bequeathed from father to son without question.

ARNOLD SPEAKS UP FOR THE HEIR



FREE THE AIR WAVES

The Union information and broadcasting minister, P. Upendra, is understandably anxious to learn and absorb as much as he can about media autonomy and freedom. After all, he will have to pilot the Prasar Bharati Bill through parliament soon. And, no doubt, his intentions are as honourable as his ministership is.

The minister might like to round up his worldwide information update on this subject with details about AsiaSat I, a broadcasting (and not telecommunications) satellite in geostationary orbit above Singapore since April. Anyone in AsiaSat's range of coverage — from Japan in the east to Iraq in the west — can set up a C-band dish, point it at the satellite and be at the receiving end of transnational video, audio and data signals. The first satellite of its kind, AsiaSat I cocks a snook at the UN-approved notion that sovereignty includes state power to control television within a nation's borders.

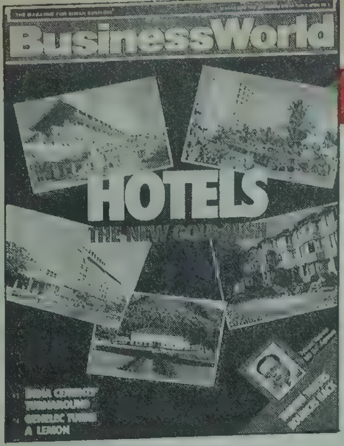
Time and again, contemporary technology has proved to be no respecter of monopolistic regulations, and the launch of AsiaSat makes it all too easy for Asia's 2.3 billion denizens to access a common information source. At one stroke, national television monopolies stand threatened; it is now only a matter of time before such monopolies are rendered obsolete. While radio waves can be squelched, "killing" a satellite is so difficult that it is hardly an option.

In other words, the time is nigh when governments will lose their control over what people watch on TV. Marketers, in particular, are rubbing their hands in gleeful anticipation of the creation of a pan-Asian advertising vehicle.

And since there are no precedents to go by anyway, now is the ripe moment for progressive governments to abolish prohibitions which will be impossible to enforce. Indeed, governments intent on maintaining control over information face the real prospect of being outwitted by technology.

It could be an act of wisdom on the part of the government of India to humbly recognise this reality. As a corollary, it follows that not only should the government's audio (All India Radio) and video (Doordarshan) channels be decontrolled, but our airwaves ought to be thrown open to the public — automatically abolishing in the process the archaic concept of film censorship.

Will Upendra rise to the occasion?



LETTERS TO THE EDITOR

A QUALITY MISS

Perhaps owing to an oversight, the Business Feature 'Hotels — the new gold rush' (*BW* 23 May-5 June) did not mention our organisation, Quality Inns India.

Quality Inns India has the distinction of being the first joint venture in this country with an international hotel company, a pattern followed by the Oberois (with Novotel) and Mahindras (Days Inn). Our collaborators, Quality International, are the world's second largest hotel chain with 1,400 hotels in 24 countries. In India, in just two years, we have become a major player in the hotel scene with three hotels operating at Mysore, Ooty and Corbett National Park, and five new hotels are under construction at Ahmedabad, Chandigarh, Indore, Aurangabad and Madras. Seven more projects are under development.

Uttam Dave
Vice-president (corporate development)
Quality Inns India
New Delhi

REAPING ENCOURAGEMENT

The Banking & Finance article, 'Solitary Reapers' (*BW* 23 May-5 June) was beautiful and encouraging for people who would like to do something out of the way.

S.A. Kulkarni
Pune

COPING WITH MANAGEMENT

This refers to the Management article 'Coping with Unions' (*BW* 23 May-5 June). I was working for about 2 years as manager in a multinational tyre company. In all I had put in about 23 years' service with this industrial giant. When I was made manager with a salary and perquisites amounting to over Rs 8,000 per month I was jubiliant. But the management wanted me to personally type all the letters pertaining to my department!

The union leaders told me that they would blow me up if I deprived somebody of a stenographer's job. "How can an executive of a five-star company type?" the union asked.

The management did not even lift its fingers to help — it simply said that I should either swim or sink. Can you imagine a gigantic company resorting to this sort of cheap tactics? Ultimately, I was the loser. I was also caught in the whirlpool of "we" and "they" attitudes, as pointed out by Sharu Rangnekar in his article. The capricious management had the last laugh, although the union ultimately felt sorry for being hostile towards me.

U.S. Iyer
Bangalore

THE HELMET HEADACHE

This refers to the Ad & Marketing World piece 'Driving in fear' (*BW* 23 May-5 June). It is a pity that the police department still continues ad campaigns to impose safety helmets on two-wheeler riders. There are different stipulations regarding helmets in different parts of the country. Some states have made it optional for the driver and the pillion rider while others have made it compulsory for the driver alone. Yet it is optional for both in another state.

Riders in general hate to use this head protection for various reasons ranging from discomfort to poor hearing. Such resentment has necessitated the Allahabad high court to give a ruling in 1988 itself that helmets are not compulsory in Uttar Pradesh.

Accidents occur due to negligent and careless driving, and hence they need to be controlled through speed control measures. Not helmets.

S.S. Rao
Madras

PATEL: NIRMA'S BOY?

This refers to the Ad & Marketing article 'Oh boy!' The combat between Hindustan Lever and Nirma is not new. The recent outburst is between Lever's Lifebuoy and Nirma Boy, which is a glaring example of a third grade counterfeit product.

We know that marketing warfare is anybody's game but Nirma's Karsanbhai Patel believes in growth — at any cost. A marketing whizkid once, he has turned out to be a puny professional pirate.

Bedabal Ray
Calcutta

SORE DISINVESTOR

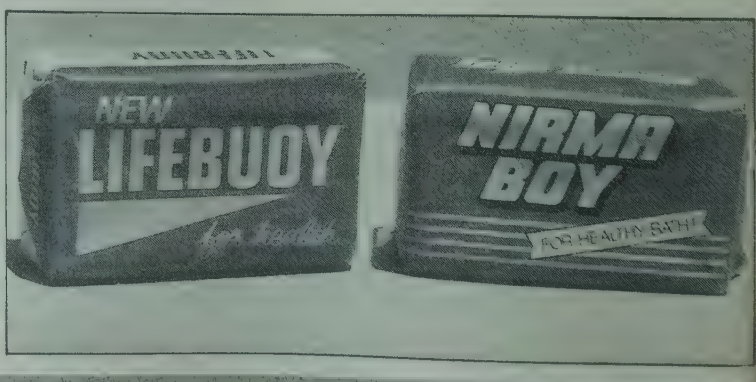
The half-yearly analysis of Indo Rama Synthetics (*BW* 23 May-5 June, p. 73) recommended disinvesting the scrip. Which I did at Rs 26, only to find myself making a heavy loss when the scrip rose to Rs 32. You also mentioned the company's equity to be Rs 25.53 crores, whereas the actual equity is only Rs 9.95 crores. In the first year of its working, the company has shown a net profit of Rs 52 lakhs, recording an EPS of Rs 2.14. I would expect the company to declare a dividend in the year 1990-91. I presume you based your recommendation on the fact that with a small profit, the company may not be able to service the high equity you mentioned.

Please be very careful in making recommendations. The decisions should be based on hard facts, not incorrect and misleading data.

Deepak Mehta
Indore

The error is sincerely regretted. Due to an error in noting down the equity capital, the calculation went haywire. — Editor.

SOAP WARS: NOTHING NEW



CLIPPED DEFENCE WINGS

Guess who is most angry with the recent across-the-board expenditure cuts, including the closure of some offices abroad? It's the defence ministry. In fact, ministry officials in South Block fought a pitched battle with the finance ministry across the road in North Block over the proposed cuts. The bone of contention was the supply missions in the US and the UK. The finance ministry wants to close them down in order to save around Rs 5 crores, but defence officials feel this would be foolish.

The two supply missions were basically branch offices for defence officials who went abroad to study developments in defence not only in the two countries but other nations as well. Since Washington and London are arms capitals of sorts where information flows in from everywhere, defence ministry officials said if these missions were closed, they would be severally handicapped in obtaining news regarding defence equipment. But the finance ministry was adamant.

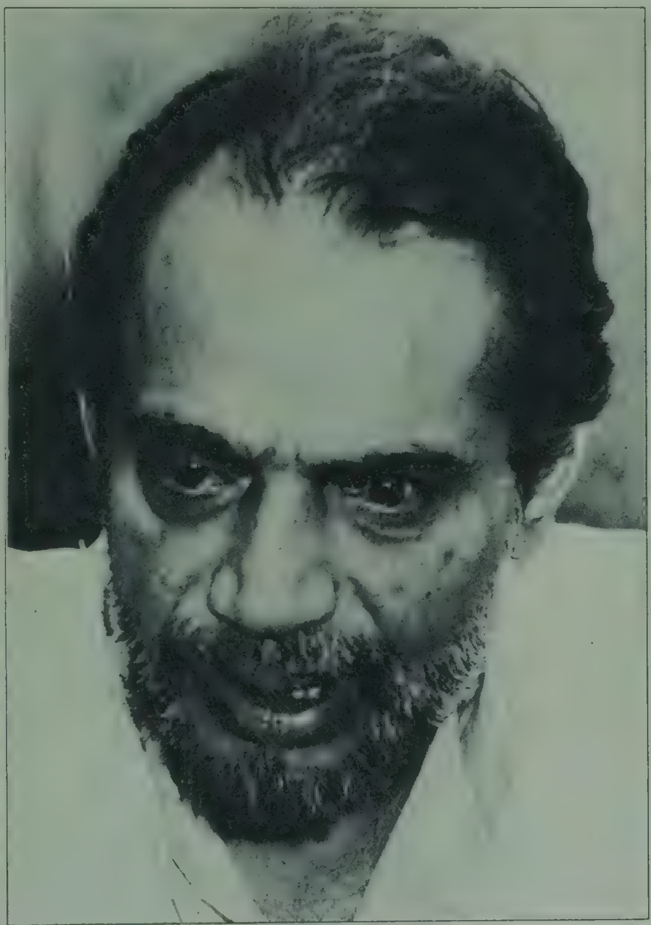
Ultimately, the file went to the prime minister who sent it back to the finance ministry saying that the department of expenditure would finally decide. The department held that the job done by visiting defence officials could easily be done by military attaches in the embassies. The defence ministry was not impressed, but it could do nothing. The decision to take drastic action in view of the deteriorating balance of payments position had been taken by the top boss, the prime minister himself.

HEADLESS PLANNING

The exit of Ramakrishna Hegde as deputy chairman of the Planning Commission has sent ripples through the capital's corridors of power. For the past few months, Yojana Bhavan has been under a cloud over its approach paper on the Eighth Plan which has been lambasted by many a critic for its supposedly primitive approach to things. Now the focus has shifted to the future of the commission itself.

There is renewed speculation now about the staying powers of members of the commission who were seen as Hegde's men. With the vociferous L.C. Jain and Rajni Kothari in it, the commission is no longer the domain of old-fashioned economists who avoid controversies. Therefore, the speculation goes, it is but a matter of time before such members are eased out of Yojana Bhavan.

But this could well be wishful thinking. The national development council has already cleared the approach paper for the plan, and the prime minister has done some dinner diplomacy by talking to the members over a meal after Hegde's exit. Anyway, the approach paper does not have any basic contradiction concerning industrialisation or liberalisation, though it is a fact that some Planning Commission members have been critical of the new industrial policy announced by Ajit Singh the industry minister. But the point is, before resigning from the commission on moral grounds over the land scandal issue investigated by the Kuldip Singh commission, Hegde himself defended the industrial policy.



WILL HEGDE'S MEN BE EASED OUT?

Given V.P. Singh's style of functioning, he is unlikely to get rid of people as long as they do not prove to be an embarrassment or source of irritation — as K.P. Unnikrishnan proved to be in the role of communication minister. But with the commission as it is today, one never knows. They may eat the prime minister's dinner but they may not necessarily swallow his policies.

BIFR VS. MANU

Manu Chhabria seems to be getting more desperate as his cup of woe slowly fills to the brim. The one-time raider who would be king is finding his companies in trouble and the Board for Industrial and Financial Reconstruction (BIFR) is breathing down his neck, not allowing him to shift money from one company to another. In fact, the BIFR got wary of Chhabria long back, when the latter was on his acquisition spree. Sensing that all could not be well in the strategy being adopted by the Chhabrias, the board wrote a confidential letter to the finance ministry asking it to look into the affairs of this man who had suddenly emerged on the Indian corporate scene and was bent on snapping up cash-rich companies as well as some sick units.

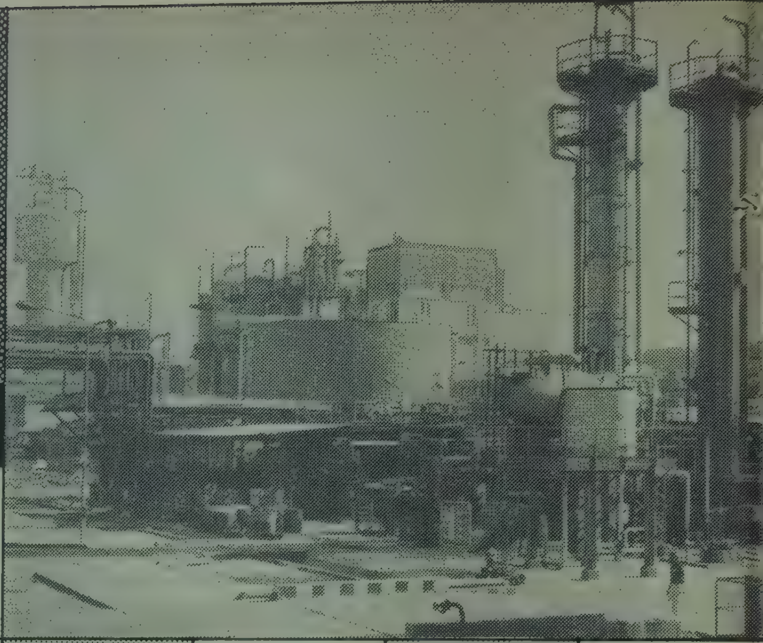
The strategy seemed suspect in the eyes of the BIFR which felt that someone should take an overall view. Chhabria's later troubles with the directorate of revenue intelligence (DRI) as well as the enforcement directorate of the Foreign Exchange Regulation Act might have been the outcome of such caution from the BIFR.

But Chhabria was not without clout. Someone in the finance ministry has now leaked the letter to the ex-raider and he can obviously embarrass the BIFR if the letter is made public.

Chhabria's ire is quite understandable, what with hearings involving five or six of his companies going on at the same time. But BIFR officials are cool. They don't seem to care whether the letter sees the light of the day or not.

GSFC

FINANCIAL HIGHLIGHTS



BASED ON AUDITED FINANCIAL RESULTS
FOR THE YEAR ENDED
31ST MARCH 1990

PARTICULARS	1989-90 Year ended 31-3-1990	1988-89 15 Months' period ended 31-3-1989	1988-89 Annualised	% Increase/ Decrease on Annualised basis
	(RUPEES IN CRORES)			
SALES AND OTHER INCOME	693.37	689.26	551.41	(+) 25.74
MATERIALS & MANUFACTURING EXPENSES	489.93	482.74	386.19	(+) 26.86
PERSONNEL EXPENSES	31.24	34.11	27.29	(+) 14.47
INTEREST	21.10	37.38	29.90	(–) 29.43
PROVISION FOR DEPRECIATION	23.75	25.96	20.77	(+) 14.35
PROFIT FOR THE YEAR	65.02	44.65	35.72	(+) 82.03
PRIOR PERIOD ADJUSTMENTS (NET)	(2.74)	13.11	10.49	—
PROFIT BEFORE TAXES	62.28	57.76	46.21	(+) 34.78
PROVISION FOR TAXATION	10.94	9.10	7.28	(+) 50.27
PROFIT AVAILABLE FOR APPROPRIATION	51.34	48.66	38.93	(+) 31.88
CAPITAL	44.76	27.30		
RESERVES & SURPLUS	335.70	208.54		
NET WORTH	380.46	235.84		
LOAN FUNDS	248.46	309.11		
CAPITAL EMPLOYED	628.92	544.95		

- *Highest ever sales — 26% increase over last year*
- *Higher capacity utilisation and production efficiency*
- *Substantial energy saving with commissioning of co-generation plant of Steam and Power (Phase II)*
- *Massive expansion programme — a springboard for attaining still higher achievements*

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THE EFFECTIVE MANAGER

Management guru Peter Drucker has made a distinction between efficiency and effectiveness. He says efficiency is doing things right — effectiveness is doing the right things.

Many managers keep on doing things right, without ever asking the question: are these the right things to do? Only a few of them ask this question — and they deliver results. What does it take to be such a manager?

There are three ways of thinking: what should happen, what would happen and what could happen. The philosophers concentrate on the "should"; the politicians exploit the "would"; effective managers focus on the "could." The latter talk not about what are the things one should do, but what are the things one can do, to improve effectiveness and get results. In the ultimate analysis, the test of the pudding lies in the eating. The test of a manager lies in the results he gets. Effective managers have three qualities. These are a sense of mission, a sense of action, and a sense of loyalty.

ALIBI MANAGER

In every organisation, there are three types of managers. The first is the 'alibi' manager. As soon as you question him about the outcome of anything, his staple response is: "Am I responsible?" For example, one can go to the materials manager and ask him, "What happened to the requisition I gave you a month ago? Where is the material?" His reply: "Am I responsible? I receive 20 requisitions a day. Some of them require sanction from the bosses — and you know how the bosses are. They take their own time to give a sanction. Then I have to give the requisitions to my subordinate to place an order. You know the subordinates one gets these days. Nobody wants to work!" From there, he'll pass the buck to the supplier, the railways, the prime minister and the managing director's handling of the company.

Effective managers use three types of authority — hierarchy, expertise and concern

The second kind is the 'caretaker' manager. Everybody is likely to sit on a chair occupied by someone else earlier. One of the greatest temptations a person has is to do what his predecessor was doing. The caretaker manager sticks to the routine. If one asks him why he is doing something, his obvious answer is: "We've always been doing it."

Only about 10% of the managers belong to the third category, i.e. 'effective' managers. They seem to do three things: first, they identify their responsibility and get committed to it. Secondly, they identify their resources, including their most important resource — themselves. Thirdly, they experiment with their resources.

The best example of such a manager is right at home. Look at the housewife. The housewife knows it is her responsibility to transform her house into a home. A home is a place where one gets a feeling of psychological support, welcome and warmth. And she gets committed to it. Then she identifies her resources. Theoretically, a wife's main resource is her husband's income. It is her constant refrain that it is inadequate, but that is just by the way. She has another resource which is herself and see how she uses that resource.

There are all kinds of houses — in some the monthly income is less than Rs 500, in some more than Rs 10,000. But the homeliness of the house never depends on the income. You go to a Rs 500 income house. Tea comes in a cup. As soon as you take a sip, from behind the door somebody asks, "Do you need a little more sugar?" And you feel sweet without the sugar. In a Rs 10,000 income house, you get tea in a tray — a kettle of tea, a jug of milk, a mug of sugar, bone-china crockery, silver cutlery, five star service! But the whole thing comes so coldly that you almost expect a bill to follow. This is the difference between 'effectiveness' and 'efficiency.'

The managers getting results first create a sense of mission — everybody comes to work feeling, "I am going to achieve something today."

These managers make people feel that they are constantly and perpetually on a 'project' which never gets completed. As soon as they achieve one target another comes up. From loss, if they make profit, more profit is desirable. So there is always a mission to motivate people to greater achievement. These managers do not give a big list of what they are going to achieve. There are only a few significant things.

When V. Krishnamurthy took over at the Steel Authority of India Ltd. (Sail), he started with three objectives. First, elimination of overtime. Second, modernisation. Third, customer service. Overtime in 1985-86 was nearly Rs 45 crores, and in a Rs 3000-crore company that is still not very much. But as soon as Krishnamurthy took over in 1985, he called the senior executives and said, "We are going to eliminate overtime." They said, "How can we eliminate overtime? This is a steel mill. Nowhere in the world do steel mills work without overtime." He said, "Steel mills are going to work without overtime in India. From 1 April 1986, nobody gets overtime."

Why was this important? Look at the immediate impact it had on 2.5 lakh employees. They felt something was happening. They were doing something which had never been achieved before. Sail closed 1986-87 with zero overtime. Production went down in the first quarter, came up to normal in the second, and the year was closed with the same production as in the previous year. In the next year, production rose 10%, thereafter 15% — all this without overtime. Everyone worked with a will because of a sense of mission.

The second step was modernisation — a long-term plan. In India, steel was being made with twice the energy

that Japan uses. Indian steel was probably the costliest in the world. Obviously one had to modernise. But modernisation meant an investment of Rs 10,000 crores. Who would give such an amount to a loss-making company? Krishnamurthy said, "We shall have to make a profit." Now Sail has made a profit — after several years — wiping out the accumulated losses and leading to the generation of cash. In seven years, Rs 10,000 crores will be available for modernisation.

CUSTOMER SERVICE

The third step was customer service. Sail was not working as a manufacturing-selling organisation. It worked like a rationing office. "How much steel do you require? We shall give you half. Thereafter you negotiate to get some more. Whatever you want we may not give you. When we can give it to you, we don't know — so how can we tell you?" This was the approach. Krishnamurthy said, "This is no way of running an industry. The client must be satisfied." The fact that customer satisfaction is important is a new idea in many industries in India. Thus change was brought in.

All these changes created an ambience. As soon as a part of a target was achieved — once the modernisation got started — people felt: "We are going places!" This is required. You can't tell people: "We are giving you a salary." They are going to get their salary anyway. That does not create any degree of enthusiasm. The feeling that one is going to do something, which was always thought of but never got done, creates a sense of mission.

To be an effective manager calls for skills like imparting a sense of mission, action and loyalty to employees. V. Krishnamurthy succeeded to quite an extent at this when he took charge at Sail

The second requirement of an effective manager is a sense of action. Some action in some direction is always possible. Whether the action leads to improvement, only time will tell. So one of the important things to do is to create action. Keep people busy. Again look back at the home. One of the important things about most housewives is the way they keep their husbands working. On a Sunday you may think of relaxing. If your wife is at home, it is not easy. She always finds some work, because she believes that keeping people busy keeps them out of trouble. So the action part is very important.

In fact, whenever you go to an organisation, you can easily judge how effective it is by the pace of work. Sometimes even very important things move lethargically. If you decide on Saturday morning about organising an important meeting on Monday, somebody says, "Well, how can it be done? In our organisation, a paper takes a week to go from one place to another. It can never be done." That's one kind of approach. The other approach is: use telephones/telex to see that everybody comes to know about the meeting in two hours.

The third factor is the sense of loyalty. Management might become modern but the human being is still old-fashioned. A human being likes loyalty and this loyalty is a source of authority. How does one get authority in an organisation? One source of authority is the hierarchy. Somebody from the top says, "You are in charge of this division. If somebody does not behave, take disciplinary action."

The second authority is the authority of expertise. However, when technology keeps changing, it is difficult to have this authority of expertise. For example, who is the authority on television at your home — the youngest or the oldest? The other day I was watching TV with a friend. The picture started flickering. My friend's wife got up to do something about it. Their eight-year-old grandson came and said, "Grandma, you better not touch the TV. You will mess it up. If you have any problems, tell me." He fiddled around with the set and it started functioning okay. When I was eight years old there was no TV. A radio was bought but it was kept out of our reach. In those days everybody believed that if children touched something, it would get spoiled. In fact, when anything got spoiled, the children got slapped. The reasoning: "You must have touched it, otherwise how did it get spoiled?" As a result, we always believed that older people knew more. That gave them authority. Today this authority of expertise does not exist.

There is a third source of authority — the authority of 'concern.' This is the authority every housewife uses on her husband and children. A housewife has no hierarchy, and no expertise. All she has is concern — the word 'worry.' Sometime back, I saw a young chap in Bombay with a muffler around his neck. I asked him, "What is wrong with you?" He said, "I have got a sore throat." I said, "But a muffler in Bombay — in the month of April!" He said, "Yes, I know it looks silly. But what to do? My mother said you must wear it. If I don't wear it, she will worry!" It means a lot to most — the word worry.

This is the authority managers can use to get results. If they have concern, they get authority. Many times people say, "In this organisation we get responsibility, no authority." Every manager at any level keeps on getting more and more responsibility. Where does he get commensurate authority? Often, he has to create his own authority. Nobody gives authority to his wife. She creates her own authority — often through loyalty.

This is not true abroad. There the wife may leave in times of trouble and get a divorce. There is no scope to develop loyalty. In India it is different. When the husband gets under the control of his wife, it is not accidental. It is not created by any training programme. It is created by the simple force of loyalty.

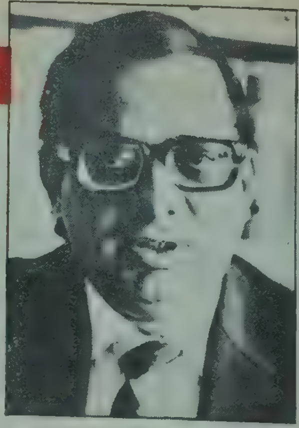
This is a very strong force. There is no point in talking about whether it is modern or not modern. Whatever may be the situation, the force is still applicable. When one works in an organisation, one expects loyalty. Not only from subordinates, but also from colleagues — and even the boss. Wherever people are loyal, one feels one belongs there This is an atmosphere which has to be created.

In the ultimate analysis it is not very easy to be an effective manager. But it is not impossible either. One has to know what it takes and organise oneself that way.

■ *Sharu S. Rangnekar*

The author is a former managing director of Searle (India) Ltd

PUNISHING GIFT TAX BILL



The new Gift Tax Bill will cause hardships to individuals and will prove counter-productive in realising the government's objectives. The main objective, as stated by the finance minister, is to prevent wasteful and ostentatious expenditure on such occasions as marriage. However, a perusal of the Bill makes it clear that not only will this primary objective be defeated, but the bill will also have certain other unintended side-effects.

By imposing the new tax on donees, the finance minister probably had in mind cash gifts received at the time of marriage. However, far more gifts are received in kind from parents, relatives and friends. Under the proposed legislation, the donee will have to pay gift tax even on the value of such gifts received in kind.

For example, if the parents offer a house or apartment to their children at the time of their marriage, the latter will have to pay gift tax. The exemption of Rs 1 lakh in respect of gifts received on marriage and the initial exemption of Rs 20,000 per annum are wholly inadequate.

Donees are, therefore, bound to suppress the total number of gifts received by them at the time of marriage, specially if they are movable items like jewellery, household goods, etc. In other words, the new gift tax legislation will directly encourage even honest persons to conceal the true quantum of gifts received at the time of marriage. If the government is really serious about curbing conspicuous and lavish expenditure on marriages and other occasions, it can certainly invoke the provisions of s.69-C of the Income-Tax Act, 1961, which have been on the statute book since the assessment year 1976-77.

Further, under s.133-A(5) of the Income-Tax Act, adequate power is given to the income-tax authorities to question an assessee on the expenditure incurred at any function, ceremony or event.

The new gift tax legislation will encourage even honest persons to conceal the true quantum of gifts received at the time of marriage

The only way to make the new gift tax law workable would be to exempt from tax any property, movable or immovable, received by any person at the time of his or her marriage from any relative as defined in s.2(41) of the Income-Tax Act 1961. If this amendment is not made in the Gift Tax Bill, the government will lose revenue, as even wealth tax may not be paid since the entire gift transaction is unaccounted for. Under the Gift Tax Act, 1958, s.45(a) exempted from tax gifts made by a company in which the public are substantially interested. Under the new Gift Tax Bill, the gift tax is exempt only if a gift is received by an Indian company from any other company in a scheme of amalgamation. However, gifts received outside India from foreign collaborators are exempt under s.5(1)(ii). The following are the other gifts which are exempt from the new gift tax levy if they are received by any person resident in India.

- Immovable property situated outside India.
- Gifts received from persons resident outside India out of the moneys standing to their credit in a non-resident (external) account in any bank in India in accordance with the provisions of the Foreign Exchange Regulation Act (Fera) and any rules made thereunder.
- Gifts received in convertible foreign exchange remitted from a country outside India in accordance with the provisions of the Fera.
- Gifts received from a non-resident Indian (NRI), being a relative, of property in the form of any foreign exchange asset as defined in clause (b) of s.115-C of the Income-Tax Act.
- Gifts received from an NRI, being a relative, of property in the form of bonds specified under sub-clause (ii-d) of clause (15) of s.10 of the Income-Tax Act. The exemption conferred by this clause is available only if the gift of such bonds is received after a period of three years from the date of their purchase.
- Gifts received by any local authority.
- Gifts received by any institution or fund established or deemed to be established for a charitable purpose to which the provisions of s.80-G of the Income-Tax Act apply.
- Gifts received by such temple, mosque, gurudwara, church or any other place as has been notified by the central government for the purpose of clause (b) of ss(2) of s.80-G; or gifts received by way of settlement on trust, or of property, the income from which, according to the deed of settlement, is to be used exclusively in connection with the temple, mosque, gurudwara, church or any other place specified therein and notified as aforesaid.
- Gifts received on the occasion of marriage, subject to a maximum of Rs 1 lakh in value.
- Gifts received under a will.
- Gifts received by an employee or the dependant of a deceased employee from an employer by way of bonus, gratuity or pension, to the extent to which the payment of such bonus, gratuity or pension is proved to the satisfaction of the assessing officer as being reasonable having regard to the circumstances of the case and which has been received solely in recognition of services rendered.
- Amounts received in the nature of any benefit, directly or indirectly, arising out of any expenditure incurred by a relative on the maintenance or education or medical treatment of any person, provided the donee is dependent on the donor and the expenditure is actually incurred for the aforesaid purposes.
- Gifts received from any person for medical treatment, to the extent to which such amount is actually spent on the medical treatment within the previous year or within such period as may be extended by the commissioner. The amount not so utilised for the aforesaid purpose has to be deposited in a public sector bank as defined in clause (23-D) of s.10 of the Income-Tax Act, provided that the donee is not a dependent relative of the donor.

■ *H.P. Ranina*

The author is a Bombay-based advocate.

FOOTNOTES

Selling a shoe seems a cakewalk these days. Something unheard of in the fifties. Oldtimers in the industry still talk of the days when they tried to upgrade *chappal* users to shoes only to be given the boot time and again.

Interestingly enough, the shoes market really kicked off when schools insisted on shoewear as part of uniform. The market stepped up further with the introduction of physical training by schools in their curricula. And sports shoes' (or canvas shoes as they were called then) manufacturers gleefully got what was almost a captive market. But demand for sport shoes was confined to the games season from December to February. So if the shoe industry was to really take off, a broad-based, non-seasonal demand had to be created.

The fitness mania of the eighties broadened the market base. Suddenly, jogging, aerobics and trekking became in-things. And the market for casual and trendy shoes boomed. Health translated into wealth not only for the fitness fanatic, but for the casual shoes manufacturers as well.

The demand today has spread. It exists not only in the metros, but has extended to the small towns too — the only difference being the brand. In the big cities, Adidas, Puma, Lotto and Action are the hot sellers, while in small towns it's the me-toos — Roadstar, Speedy and Addis — which draw in the customers. Estimates about market size are tough to come by, thanks to the huge roadside shoe-vending market. Be it the pavements at Bombay's Churchgate, or M.G. Road in Cochin, or the streets in Shillong, it's the unorganised sector which reigns supreme.

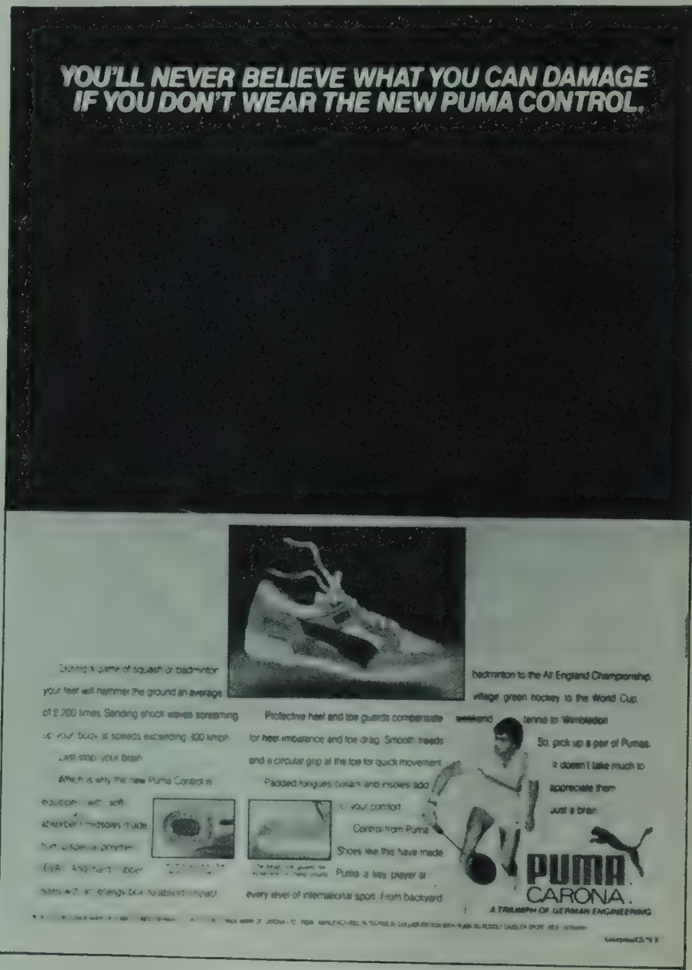
The generic phase of shoe promotion is over. It's now all-out brand war

REVOLUTION

The shoe revolution started somewhere around 1985. Paradoxically, the company that started it all — Burroughs Wellcome — is not in this business. Burroughs Wellcome was then seriously toying with a Nike tieup (the plant was proposed to be set up in Goa to turn out the full Nike range — right from shoes to tracksuits), but problems with the government and some rethinking led to the project being shelved.

After that came talk of Adidas and Puma entering the market, but in the meantime youngsters had to fork out a few months' pocket-money to get themselves smuggled pairs of these hot shoes.

Or they had to opt for a pair of local North Stars which Bata had been pushing for quite some time. Though Bata had already made a bit of a splash with them, the real waves were made with the Power range. Launched originally in whites only, an extension into colours was made later. Another company which walked into this market around this time was Bhor Industries, which splurged a lot on advertising its Lotto shoes. While it built awareness for the brand, a problem area was distribution.

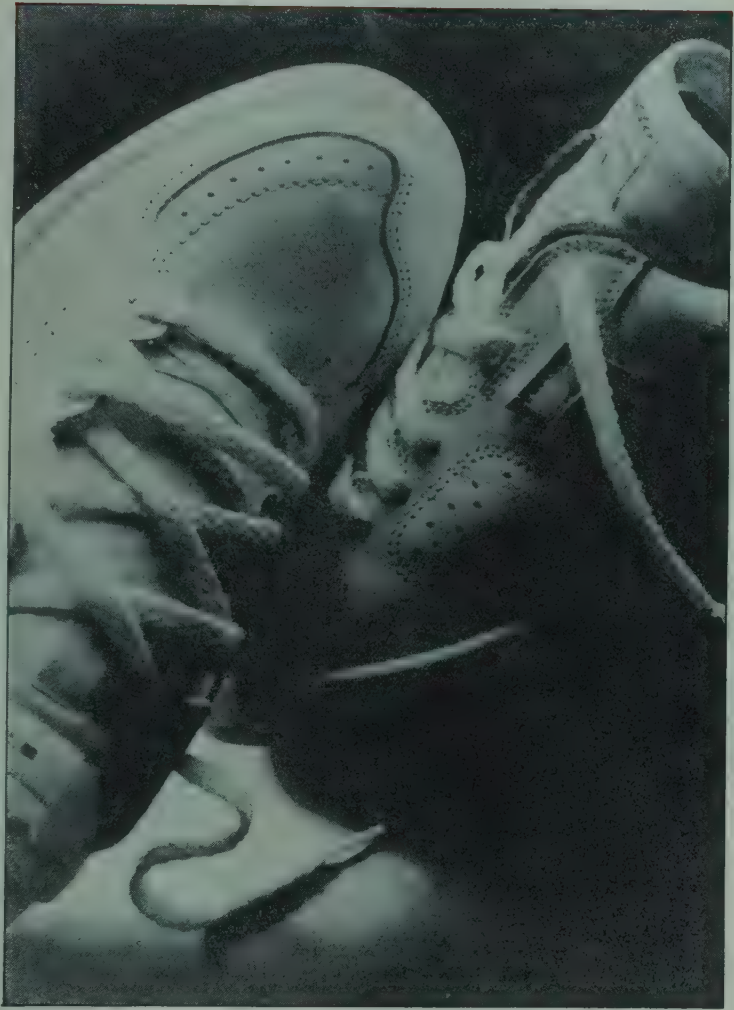


At first Bhor tried the local dealers and shoe shops route but this did not bring results since it meant dealing with huge numbers. Operating this system soon became a bottleneck, so around nine months ago, Bhor decided to switch track and offered the selling job to Bata. Now, Lotto is sold via the Bata network.

Bata introduced Adidas towards the end of 1989. A reintroduction actually, for Bata used to manufacture Adidas shoes around 1965 for export only with seconds from these factories being sold in the Indian market. Adidas shoes are now manufactured at Bangalore and Calcutta. Roughly 60% of total production is ex-

ported and the rest is sold through Bata's 1,200 domestic retail outlets.

Adidas is priced from Rs 250 (canvas top) to Rs 600 while chief competitor Puma's prices range between Rs 400-600. In terms of marketing strategies, Puma is on network TV with some fast-paced advertising while Adidas is content getting sales off the ground with a much better distribution network. Who are the consumers?



STATUS SYMBOL

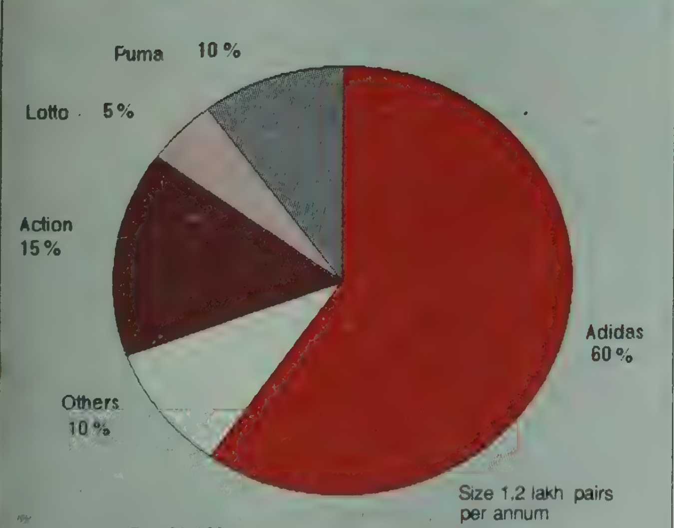
Young people in the 20-25 age group are the most important segment accounting for roughly 80% of all sales. And, most of them are buying it not for sports use but for casual wear. In a way, these shoes are replacing *kolhapuri chappals* and casual moccassins which went with jeans. A pair of Adidas, Nike or Puma is very much a status symbol for the college-going today. College students own multiple brands of shoes just the way a household would use soaps.

In the west, Nike, Puma and Adidas are sold on endorsements from sportsmen. McEnroe pushes Nike, Becker Puma and Edberg Adidas. This is in a market where these shoes are meant and used for sport. This type of advertising might not appeal in India. Carona has employed Prakash Padukone but he has not featured significantly in pushing Puma. Power uses sportspersons to push the range — Zeeshan Ali being the latest.

Adidas has big plans for India. Next in line is a range of women's shoes followed by the Junior Adidas range. After that will come Adidas socks, T-shirts, shorts, headbands, wristbands, totes, carry bags, etc. In short, Bata is aiming to make Adidas a part of the lifestyle of the young Indian. It is the best way of building a strong brand over a period of time.

SHOE MARKET

ORGANISED SECTOR*



*Price range: Rs 250-600

Note: The unorganised sector hawks nearly 36 lakh pairs of shoes per annum at a price range of Rs 75-200.

Even with all this activity, there is a dissonance about Bata's strategy today. Walk into a Bata outlet and you are faced with a North Star range, a Power range, an Ambassador range and an Adidas range, not to forget a Lotto range (Lotto sales have slid sharply after Adidas was introduced). Will the real Bata stand up please? Puma can score here by focussing sharply on one quality range.

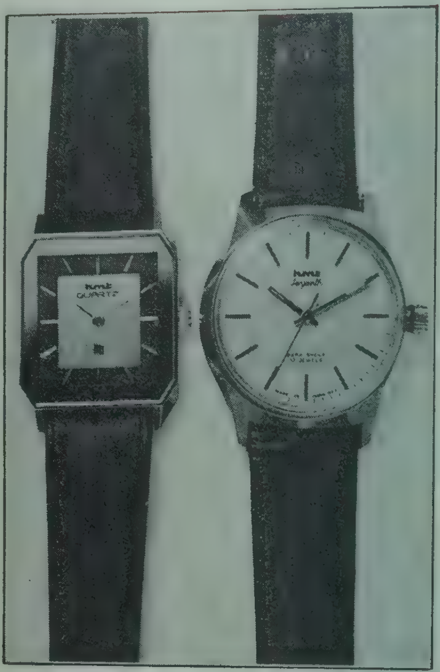
Forgetting the wide brand range, how will Bata manage inventories, traditionally the bugbear of this industry? Shoe companies are carrying anything between 3-4 months' stock at any time. The cost of carrying that much can kill many. These are a few worries that face this revolution that is taking place in the trendy shoes market.

■ *D. Shivakumar*

The author is a Madras-based marketing executive.

There is a dissonance about Bata's shoe strategy, what with a confusing array of brands — North Star, Power, Ambassador and Adidas

WATCH HMT!



Who's going to bag the Rs 7 crore HMT watch account? Recently, 10 agencies, including big guns HTA, Mudra, Rediffusion, Sistas, Everest, Enterprise and Clarion, made a presentation before an HMT panel headed by chairman and managing director M.R. Naidu. HMT's watch account is currently with Everest but the company wants to farm it out to three agencies for better focus on distinct segments — mechanical and quartz, and within quartz, upmarket models like the recently-introduced Elegance range. Will Everest get a nibble or lose the account altogether? Wait and watch.

BARBIE DOLLS ARE FOREVER

They say a diamond is a girl's best friend. But for little girls in India's metros, their best friend could well be the world's largest selling doll — Barbie.

Blow Plast, the company behind the Barbie launch in India a couple of years back, is on a new marketing drive to popularise the dolls. Early this year Blow Plast kicked off the Barbie Friends' Club. By becoming a member of the club (annual subscription fee: Rs 50) little girls get Barbie badges, stickers, book labels personalised letters and birthday greetings from friend Barbie.

Besides, a newsletter-cum-magazine, published thrice a year, highlights young achievers, health and grooming habits, hobbies and Barbie stories. It is mailed to all members.

Blow Plast is quite enthusiastic about the club. Says Atul Puranik, the company's product executive: "We've got nearly 3,650 members. It's an overwhelming response and 100-150 applications are pouring in daily." But the company has also had to dangle lures for the kids. When the subscription drive got going, kids were promised free gifts like a Barbie fashion dress for early bird applications.

The company has also come up with a novel way to spread the club. Every member who gets three new members is entitled to gifts. Says Puranik: "We wanted to retain the fun but add the educative element." And he's confident that the cult will spread.

It could. Take the foreign experience. "A Barbie doll is bought once every three seconds somewhere in the world," says Puranik. Even if Blow Plast manages to sell one Barbie doll every 10 minutes, it could do wonders for its balance-sheet.

CLARION'S HIRE-FIRE RECIPE

Hire and fire. For Ashish Mitra, new CEO of the Calcutta-headquartered Clarion Advertising, that seems to be a surefire strategy for success. Faced with the daunting task of pepping up things at the beleagured agency, Mitra is apparently on a massive clean-up programme. Already, nearly a dozen senior and middle-level Clarion executives have put in their papers in a move that is being construed as Mitra's gameplan for weeding out mediocrity.

There are big names among those leaving: vice-president Sarbajit Ray, senior creative director Barun Chanda, accounts chief B.N. Chakrabarty, and an accounts manager Indrajit Deb. Predictably, Mitra has inducted a number of new faces, many of them from Hindustan Thompson Associates (HTA), Mitra's old agency (before he left it for a short spell at Ogilvy & Mather). Kaushik Ray of HTA comes in in a key position as does HTA's creative director Rangan Chakrabarty. Other new entrants include Probir Purakayastha from O&M and George Mathai from Everest.

Meanwhile, N.P. 'Potla' Sen, the agency's chairman for the last five years has stepped down and has been replaced by barrister Sudipto Sarkar, who was inducted along with other directors on the agency's board a year and a half ago.

But Mitra's blueprint for Clarion is more than just easing out people and getting in new faces. According to insiders, Mitra isn't going all out to grab new accounts for the agency which has lost quite a few plum ones in recent times. Instead, he's stressing the consolidation of existing accounts. The idea is to give clients better service and set Clarion's own house in order before going for the big push.

That's fine on the face of it. But Mitra's real test will come with the agency's unionised and vociferous blue collar workers who've been known in the past to have stymied management designs.

GOING NATIONAL

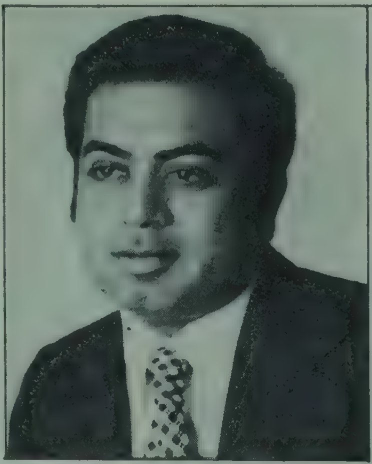
With Mothercare's Little Kingdoms – retail shops stocking garments, toys, books, home computers, etc for children up to the age of 10 — sprouting all over, managing director Prakash Ahuja thinks the time is ripe to make a national impression through Doordarshan. The agency picked to handle the advertising: Mudra, Bangalore.

DIRECT MARKETING GAMBLE

The macho man and the adoring woman. The great outdoors and a carelessly dangling cigarette. The jetsetting lifestyle. The symbolisation of class. Old hat ideas which have gone through cigarette advertising's hall of fame. Pioneering breakthroughs once, they're hackneyed themes now. But where does that leave brands, particularly new ones, that are desperately in need of an advertising difference? Or at least a promotional difference.

Enter Rothmans King Size, one of the world's largest selling cigarettes.

To place Rothmans' marketing initiative in the right perspective, let's take a look at the cigarette industry which has, in recent times, been the biggest graveyard of brands. With increasing pressure on cigarette advertising and a ban on India's only national mass medium (i.e. television), launching a new cigarette brand is about as exciting as facing a firing squad. With similar survival chances! Moreover, with brand loyalties running high, brand switching is at best temporary.



MODI WROTE A LETTER TO HIS POTENTIAL CUSTOMERS

The options before Rothmans then were either to go the usual route and make the best of what was available (press, outdoor and point-of-sale ads), or do something that was so startlingly different that a smoker would switch brands with a smile. Rothmans decided to try the latter.

It was a decision as audacious as it was dangerous. With mass media importance diluted, the target market definition would have to be unerringly accurate. A promotional mix just right for the selected target would have to be defined. And at the end of it all, the success of such a costly promotion would depend almost entirely on a precise listing of potential consumers. It didn't help that the non-availability of suitable lists has been the biggest handicap for market researchers in India.

How do you differentiate a premium cigarette in the competitive Indian market? You could try Rothmans' expensive direct marketing tack

Rothmans decided that with a fairly strong international brand image behind them, the cigarette should be positioned at the top of the market. Since the 'upmarket consumer' (read: the consumer with expensive tastes) is just a bit easier to define and reach, Rothmans decided to go in for an innovative and unique direct consumer contact programme. The objective was — and is — to reach out to thousands of potential consumers and, hold your breath, personally introduce the brand.

In one stroke, Rothmans had disallowed itself the major benefit of mass communication — a reduction in cost per contact — in favour of a far more expensive, but perhaps more effective, form of communication.

This is how they went about it. A special team of 20 people (13 men and seven women) was created on the basis of temporary appointments through an ad released not in the appointment sections but the regular display pages. Rothmans didn't want to find its 'ambassadors,' as they are called, among those looking for jobs.

The Rothmans team members came from impressive family backgrounds, were well groomed and highly educated. They were well paid and were provided cars to move around.

The image was coming together.

The team of 20 was sent to England for an extensive training programme covering all aspects of marketing. In addition, they were introduced to the manufacturing process, the quality control process and, most importantly, briefed on recent developments in the tobacco industry. There was actual field training too. Back home, the training programme continued with emphasis on the Indian environment.

The crack squad was then ready. But its target was still hidden somewhere in the huge maze of puffing humanity. A massive listing exercise had to be carried out to pinpoint at least 10,000 smokers of premium cigarettes in New Delhi alone. Easier said than done. But it was, and there now remained the trifling matter of reaching out to them!

Potential consumers were sent letters from K.K. Modi, president of Godfrey Phillips, telling them that a Rothmans team member may visit them. Thereafter, appointments were obtained and meetings fixed. These weren't the usual salesman to consumer kind of affairs. The team members were told to be warm and friendly.

The surprise of the meeting and sampling over, repeat calls were made at periodic intervals to get a feedback on the quality of the cigarette. A special cell was created with a telephone line kept free for consumer calls!

An image building done with great care and skill!

The planning was meticulous, and the efforts stupendous. If it succeeds, a new marketing legend will be born. The rulebook will be turned upside down. Whoever heard of direct marketing of a mass-based product? And though, by its positioning at the very top, Rothmans is a little less "mass-based," it would still be a tremendous marketing innovation and give direct marketing a much needed shot in the arm.

Will it happen?

It's a little too early to say because the scheme was launched only on 7 May. But since the company is planning to extend the programme into other launch markets, it perhaps has.

(Contributed by Bhogle Infoturf, a Bombay-based features agency.)

SELLING INDUSTRIAL PRODUCTS

A change of sorts is creeping into Indian companies manufacturing industrial products. In keeping with the times, they are increasingly getting marketing-oriented. And, product quality and innovation, customer orientation and service, competitive advertising and selling, market research and databases, are the buzzwords in their offices these days.

The importance of product quality and differentiation varies considerably between markets. On the whole, this concept is of great value today in industrial products with the growth of our industry and economy. The obvious factors in quality, and quality in terms of product differentiation, are of two kinds: first, variations in the physical characteristics of the goods concerned; and second, advertising and other promotional activities designed to differentiate between similar products. To one extent, these are complementary, while to another extent they are substitutes. A lot of the persuasive advertising, therefore, relates to products that vary very little in their objective characteristics.

In a competitive market situation, product innovation is also a key to market development — particularly in industrial or technology products marketing. Innovation can lead to bigger marketshares and greater financial gains for a company.

Customer orientation has been the mainstay of consumer product companies, and customer service the characteristic of consumer service organisations. But today, both these aspects are an integrated part of even industrial organisations. Industrial products are being produced to meet customer needs, and pre- and post-sales service are vital factors on which success depends.

Professional industrial organisations, which are clued-in to customer orientation and customer service in their marketing activities build on four kinds of actions, corresponding to four ways in which the consumer can be lured: 1) product policy — offering designs, features, services or other advantages over the competition; 2) distribution policy — i.e. kinds and numbers of outlets for product accessibility; 3) pricing policy — to tap the various layers of demand; and 4) promotional policy — amount and content of advertising and sales promotion to increase interest and acceptance.

In the past, industrial products' marketing has almost always had less emphasis on advertising in the media and more emphasis on the product and personal selling. But this situation is changing today. More and more industrial marketers are using advertising as a strategic tool — often to build a corporate image. Besides advertising in the media, they support their sales efforts with other targeted advertising techniques such as detailed direct mail shots, illustrated literature, audio-visuals, video films *et al.*

The positive relationship between market structure, selling and advertising has come to be recognised even in industrial products' marketing

Experts agree that even in the marketing of industrial products there is a positive relationship between market structure, selling and advertising. These three variables together increase the overall effectiveness of the company in the marketplace when used as competitive and strategic weapons, and/or as a means of making entry more difficult for the competition.

Most Indian industrial companies are good 'sales' organisations, but not strong 'marketing' ones. However, they are learning the ropes of direct selling from their counterparts in consumer industries. A large number of industrial companies have developed well-oiled marketing networks — branch offices, dealers, service outlets — to give the necessary push to their products, and support to their sales force who ultimately have to go out and clinch the deal.

As far as market research is concerned, industrial organisations have and will continue to have an edge over consumer product companies because of their basic market structure — knowledgeable customers, and identifiable and specific target buyers with less diversity of character.

Planning and strategy usually focus on one overall company problem: how to match the company's resources to opportunities in the marketplace for long-term profitability. In answer to this, industrial marketers take into account the penetrability of the market. And this is determined through research and strengthened with the building up of databases. The penetrability factor is today often researched in five specific areas by savvy industrial marketers:

- Degree of satisfaction with existing products or services, in terms of intensity of need felt and filled;
- Communicability of the appeals of the product;
- Company image or composite reputation of the corporation;
- Management skills and attitudes of the company;
- Effect of competition on the above four areas as well as the marketplace. The market penetration plans of marketers are mostly long-term and hence preparation and timing is important. Research is also helping out in this today with all its sophistication and modern techniques.

In sum, in all these trends of change taking place among Indian industrial organisations, the key lies in the adoption of policies directly at performance (e.g. by regulating the rate of return earned on assets); at aspects of the firm's behaviour (e.g. their pricing or advertising); or at the control of market structure in an attempt to increase competitive marketshares (acquisitions, mergers, etc). The ultimate idea is to enhance the organisation's market clout.

■ *Sushil Bahl*

The author is general manager, publicity & public relations, Greaves Cotton & Co. Ltd.

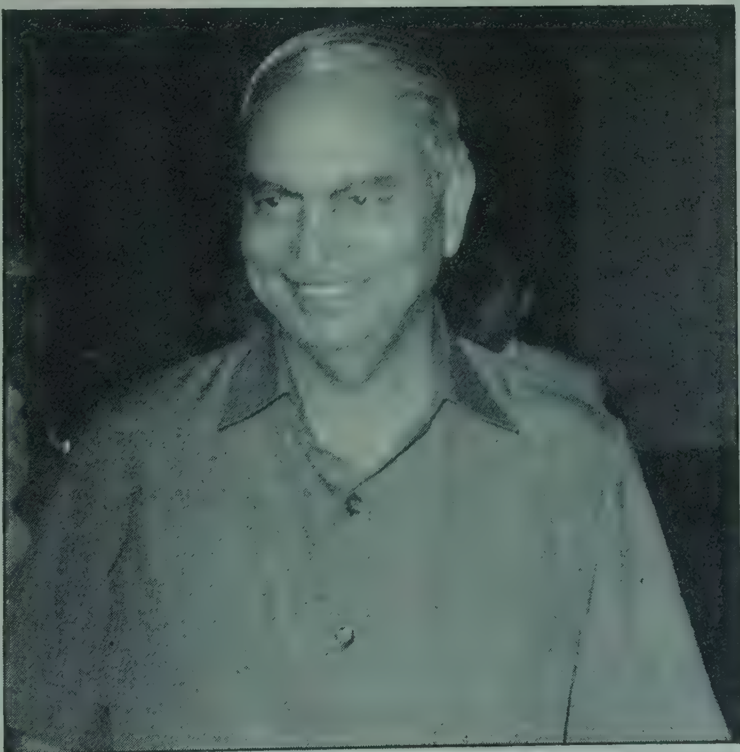
THE COMING CREDIT SQUEEZE

When the central government uses fiscal profligacy as a tool for winning votes — as the Rajiv Gandhi regime did in 1989-90 — everybody loses. And "everybody" includes the voter, who gets only illusory benefits in the form of doles like the Jawahar Rozgar Yojana. In real terms, the voter pays a high price because of the inflation generated by excessive and non-productive government expenditure.

The cost to the economy, too, is high and the price has to be paid when a tight money policy is introduced to correct the imbalances set up by election-oriented irresponsibility. The worst-affected naturally are the productive sectors of the economy which find sources of funds drying up even for day-to-day operations.

India has witnessed this scenario whenever a close election has been fought. It has been no different in the past one year or so. And the Reserve Bank of India (RBI) recently decided that its main goal in 1990-91 is to bring about a sharp reduction in the pace of overall monetary expansion. The RBI governor, R.N. Malhotra, told the banking sector that the rate of expansion of M3 (the broad measure of money supply) has to be brought down by 4% from the disastrously high level of 19.4% in 1989-90. The sole cause of this rate of expansion was the profligacy of the Rajiv government.

Thanks to governmental profligacy in the 1989 election year, the RBI will now have to slam hard on its monetary brakes


MALHOTRA PUTS CREDIT ON LEASH

Policy objective. In his customary confidential letter to commercial banks announcing the broad outlines of the credit policy for the 1990-91 lean season, Malhotra made it clear that the policy objective for the first half of 1990-91 is to combat the runaway expansion in overall liquidity in the previous year which led to a high inflation rate and threatens to push up prices even more this year.

Said Malhotra in his letter: "Despite two successive good years of agricultural production in 1988-89 and 1989-90, commodity prices in general rose sharply during 1989-90. On a point-to-point basis, the wholesale price index rose by 8.6% between 25 March 1989 and 24 March 1990 as compared with an increase of 5.7% in the corresponding period of the previous year. The persistently high order of price increase, therefore, remains a matter for concern."

Worst offender. One of the main reasons for this high inflation is the huge expansion in overall liquidity (M3) that took place in 1989-90. M3 increased by an unprecedented Rs 37,307 crores (19.4%), which is nearly double the increase of Rs 20,425 crores in the previous year. M1, the narrow measure of money supply, also increased by Rs 15,001 crores (Rs 4,765 crores).

The worst offender in this dismal scenario was the central government. Net RBI credit to the government zoomed upto Rs 13,031 crores from Rs 7,225 crores in the previous year. Commenting on this last aspect, Malhotra said in his letter: "The sharp acceleration in created money points to a strong possibility of even faster liquidity growth in the immediate future and, therefore, there is an urgent need for effective moderation of monetary expansion."

"Given the large overhang of liquidity and the resurgence of inflation in 1989-90, it is necessary to bring about a sharp break in inflationary expectations," added Malhotra, pointing out that the central government has planned to cut the budget deficit sharply to Rs 7,206 crores against the revised estimate of Rs 11,750 crores in 1989-90.

"Consistent with this objective on the fiscal side," the letter said, "the objective of monetary management should be to bring about a sharp reduction in the pace of overall monetary expansion (M3) in 1990-91 by four percentage points below the extremely high figure of 19.4% in 1989-90. This is the backdrop against which the credit policy for the first half of 1990-91 has had to be formulated."

And a dismal backdrop it is, with little but bad news for industry and trade. For the credit axe has to fall on this productive sector of the economy. Malhotra makes it clear that banks have to give priority to food credit since the 1990 rabi wheat crop is likely to be a record 54 million tonnes. "It is expected that the food credit requirement would increase by about Rs 1,600 crores during the quarter ended June 1990 and decline by about Rs 700 crores in the quarter ending September 1990. Thus, there would be a net increase of Rs 900 crores in food credit during the first half of 1990-91. A successful procurement effort in 1990 rabi is vital to the food security of the country and banks should conserve their resources to

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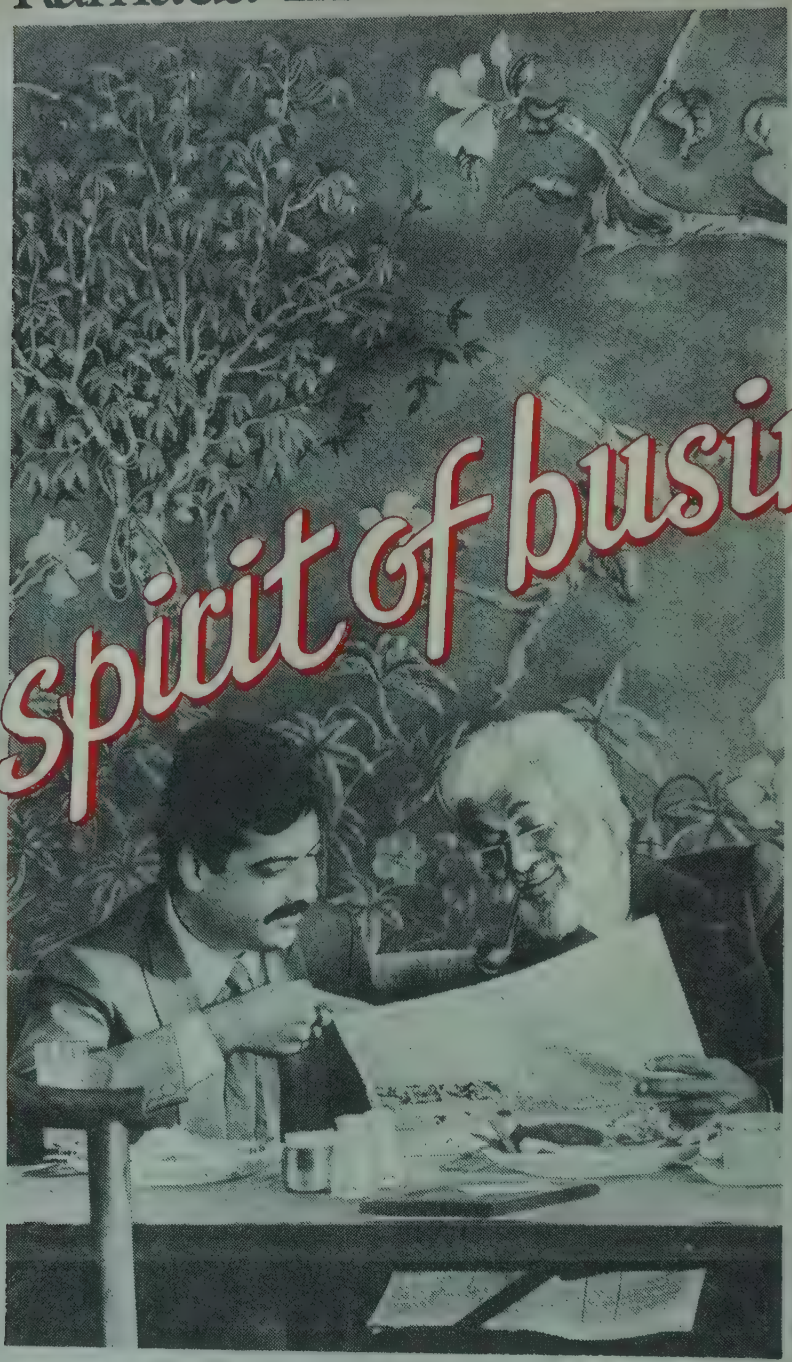

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meet these paramount credit requirements," said Malhotra.

Bearing the brunt. Non-food credit — i.e. credit to industry and trade — therefore bears the brunt of the RBI's anti-inflationary policy. In November 1989, the RBI stipulated that the incremental net non-food credit-deposit ratio of the banking sector should not exceed 60%. This curb continues in the lean season of 1990-91.

But this is not all. Banks have been further told that the increase in non-food credit in the first half of this financial year should be limited to Rs 4,800 crores against Rs 4,575 crores in the same period of last year. The increase this year is 4.9% while last year it was 5.4% of total non-food credit. In percentage terms, therefore, there is a further cut in credit to industry and trade. This comes on top of a slowdown in such credit in 1989-90: non-food credit rose by Rs 14,583 crores (17.4%) in the last financial year against Rs 15,604 crores (22.8%) in 1988-89.

The credit crunch on industry comes at an inappropriate time since the RBI itself feels that "industrial output in 1990-91 would show some increase over the rate of growth in 1989-90." But that is the price the economy has to pay for the incredible monetary expansion of the previous year, thanks mainly to the electoral gimmicks of a regime on its way out. Such electoral games took the budget deficit to a dangerously high level of Rs 11,750 crores.

The RBI's success in achieving its goal of a 4% reduction in the rate of growth of M3 depends, to a very large extent, on both the central government and the RBI itself. The centre has to stick to its promise of keeping the deficit at the budgeted level. Malhotra, for his part, would have to ensure that net RBI credit to the government stays within limits, commensurate with the projected budget deficit. But what if the centre cannot or will not keep its promise? The RBI must then turn the tap off when the danger level is reached. Whether it will or will not depends on the RBI's own willingness to test the limits of its autonomy.

■ *R. Vijayaraghavan*
The author is a Madras-based financial journalist

NEWS BRIEFS

■ The Securities & Exchange Board of India (Sebi), in a bid to regulate and fine-tune merchant banks' activities, has directed all merchant bankers to adhere to **Sebi guidelines** issued earlier. Sebi has asked all merchant banks to avoid indulging in any acts or practices that may harm the interests of other members of the profession. The authorisation fee for Sebi has been fixed at Rs 5 lakhs.

■ The Punjab National Bank (**PNB**) may lose nearly Rs 94 crores as **bad debt** to two Modi group companies. About Rs 75 crores is irregularity in accounts representing unpaid interest, withdrawal of amount in excess of sanctioned limit and insufficient coverage by security.

■ The **RBI** has cautioned the non-banking financial companies against using its name in the latter's advertisements soliciting deposits etc.

■ The Federation of Indian Chambers of Commerce & Industry (**Ficci**) has suggested setting up an NRI stock holding corporation and allowing NRIs to participate in equity of housing finance corporations in a bid to increase **NRI investment** in the country.

■ The National Bank for Agriculture & Rural Development (**Nabard**) will arrange **loans** ranging from Rs 2,000 to Rs 30,000 through nationalised banks for artisans in the cyclone-affected areas of Andhra Pradesh.

■ The Small Industries Development Bank (**SIDB**) of India has extended the National Equity Fund Scheme to all State Finance Corps, twin-function IDCs and private sector banks. It has also made urban cooperative banks eligible for refinance and extended working capital assistance to industrial units.

■ The **Saudi Investment Bank** has made a debut on Indian soil offering credit to Indian banks for the purchase of oil and oil products from Saudi Arabia. The agreement is subject to RBI clearance.

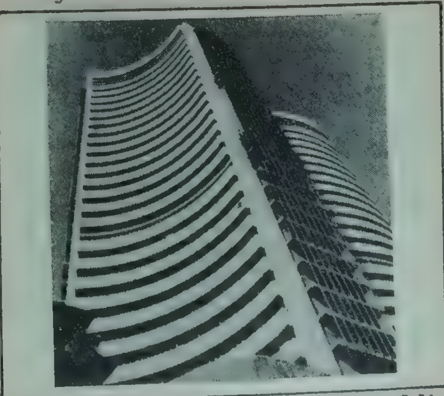
■ The Bank of India (**BoI**) Mutual Fund has launched two schemes — a monthly growth income scheme and a BoI double income scheme.

■ A World Bank **line of credit** (LoC) of $250 million for export-oriented engineering units sanctioned in December 1986 is underutilised for want of suitable projects. The LoC was to expire in December 1989, but the government had requested for an extension. However, even after this extension, the amount has not been fully utilised.

■ The **State Bank of Saurashtra** launched a credit card facility for farmers from 1 July. The scheme will be operative in six districts of Saurashtra and will entitle the farmer clients to drop crop loans from notified branches upto approved limits and will be renewable after three years. It also plans to open 15 branches in Gujarat.

■ PNB Mutual Fund, formed by the Punjab National Bank, launched its **PNB Regular Income Plus Scheme** 1990 on 27 June. It assures a minimum return of 12.5% per annum with the possibility of a higher return. It is open for subscription till 31 August 1990.

■ An Indian Banks' Association study on the impact of **changes** in the interest rates of **savings**, found a high demand for hiking the yield on savings bank deposits as it has remained stagnant for the last 15 years.



■ The amount raised from **public issues** in the capital market during the first quarter of the current financial year dropped to Rs 83.28 crores from Rs 538 crores for the corresponding period last year.

RESOURCEFUL VENTURE

A computer retail outfit with a difference. That's the end outcome of the resourcefulness of Satish Kini (37), managing director of Source-One Office Automation. Based in Bombay, Source-One's claimed USP is that it has computer retail points, career training institutes and Cad/Cam centres all under one roof. The outfit upped shutters last January.

It all began with Kini's "dream of increasing productivity in offices through computers," but took concrete shape only in 1989 when he was working as marketing manager (operations — western region) of IDM. He opted out of the job as he felt that "at IDM, there were limitations in management thinking in working out my ideas."

Latest challenge. Before long he met Shailendra Mittal, an IDM director and president of TradeWings, a Bombay-based sick travel agency which he (Mittal) took over and turned around. Mittal persuaded Kini to help computerise the travel agency's documents. Source-One, promoted and fully owned by TradeWings is Kini's latest challenge.

"Mittal has given 100% support for Source-One and has a hands-off policy on management," says Kini. Armed with autonomy, Kini sewed up tieups, with most computer manufacturers, including ICIM, IDM and Essen for hardware and with firms like TCS, Mastek and Infosys for software. Source-One has two retail outfits in Bombay and "will have 10-12 operational offices in all the metros this year," says Kini. In the first quarter of 1990, it notched up a turnover of Rs 75 lakhs and squeezed out an estimated operating profit of Rs 3 lakhs.

Seems like peanuts, but Kini promises that he will tap the right keys to achieve a turnover of Rs 8-10 crores by March 1991.

Strong service support is one area where Kini hopes to score over rivals in marketing his products. Hear his pitch: "Unlike others we'll have an ongoing relationship with our customers." And that's not just big talk for the company has bought a Rs 50 lakh supermini Prime computer solely for servicing purposes. The computer works as an internal alert system by controlling service levels and monitoring pre- and post-sales activities and commitments made by Source-One's salesforce.

The service is pricey, at an annual 10-12% of hardware price (cf. ET&T's 8%). Kini, however, defends his high charges: "It is not economically feasible to offer such low service rates. But (even if it is), have they (ET&T) delivered the goods?"

KINI BELIEVES IN SERVICE

Great potential. Source-One's other important division is the Cad (computer-aided design) centres which have great potential for growth. Some business has already been drummed up: Kini has drawn up a Rs 3 crore plan for the computerisation of Bombay Municipal Corporation's cable-laying activities. "The whole mass of data has to be represented in a demographic form. There will be workstations at the respective departments which will be connected to a main system. It can be completed in three years," says Kini.

The third division, styled Face (First Academy for Career Enhancement), conducts computer training programmes and plans to have centres in 15 cities by the end of the year.

Kini, an alumnus of IIT Bombay and the Jamnalal Bajaj Institute of Management Studies is determined "to build up a reputation by doing business in a straight and committed way." An efficiency freak (he has banned telephones in office cabins because "it will hinder efficiency"), he harbours no diffidence about hitting his year-end targets. A Rs 10 crore turnover in Year One is a big byte for this bit player.

A BULK DRUG PUSH

The drugs business, if manufacturers are to be believed, is increasingly becoming a taboo area. But not so for the UB group. With 8% of the pharmaceuticals market under its belt, the group is implementing a Rs 7-crore project in Tumkur (Karnataka) for manufacturing the bulk drugs ranitidine and ibuprofen in technical collaboration with Isochem of France.

Demand for ranitidine, an anti-ulcer drug, is going up in India and may cross 30 tonnes per annum (tpa) soon. The plan is to meet the indigenous pharmaceutical industry's requirements when the project goes on stream in January 1991. Export prospects for ranitidine are bright too and could improve further when patent rights in the US expire in 1991.

An edge. The UB group's proposal to take up ranitidine production from the basic stage — at a later date — should give it an edge in terms of price in the world market, according to group vice-president (pharmaceuticals division) P.N. Venugopalan. The target market for over 25% of the ranitidine output: US, Africa, South America, the Caribbean and the USSR.

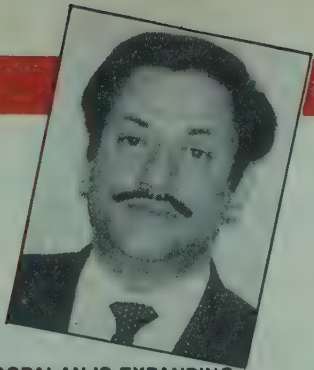
As for ibuprofen, production will be for captive consumption by the group's associated pharmaceutical companies. It will also improve the viability of the plant, according to Venugopalan.

Besides these two, Diltiazem, a calcium chemical blocker, is also slated for manufacture with Isochem knowhow. "We would like to take up production of six bulk drugs over a period of three years," says Venugopalan.

More significantly, the group plans to establish, again somewhere in Karnataka, a Rs 67-crore highly automated multipurpose fermentation unit. Technology for this is coming from Pharmachem of Italy which will also take up 10% of the equity stake in the new company, UB Pharmaceuticals. According to Venugopalan, the group has applied for MRTP clearance for the fermentation unit which will manufacture Tylosen, an antibiotic used in veterinary practice. Thanks to high prices, and heavy import duties, imports of this drug have fallen.

Poor consumption. Venugopalan bemoans the fact that the per capita consumption of drugs in India is poor: just Rs 37 per year compared with Rs 48 (in Indian Rs) in neighbouring Pakistan. Also, according to him, drug prices compare favourably with the prices of other essential commodities. Drug prices in India, he says, are also much lower than in Sri Lanka, Indonesia, Pakistan and the UK. The reason, of course, is that 70% of drugs in terms of sales are under price control in India. "The industry is under the stranglehold of the bureaucrats," says Venugopalan. He says low returns have compelled manufacturers to be less quality conscious or cut down on production. Also, some drug companies have turned to more lucrative areas like toiletries.

According to Venugopalan, the Drugs (Prices Control) Order (DPCO) 1987 was "fairly reasonable" but the new government at the centre seems to have other ideas. Personally, Venugopalan would like the prices of drugs to be



VENUGOPALAN IS EXPANDING OPERATIONS

decontrolled. In return perhaps for a more government positive attitude, drug companies could come forward to support the government's commitment on 'health for all' by the turn of the century by putting up basic health-care centres in rural and semi-rural areas. But for all the breast-beating and recommendations by manufacturers, it's the *babus* in Delhi who will ultimately decide, as they do everything in this land.

A HOME FOR THE COMMON MAN

It's a fine strategy to help the common man towards the stepping stones of his own home. First get him to save money and then provide him a home. Behind this gameplan is the National Housing Bank (NHB) with its attractive home loan account (HLA) scheme.

"We want to attack the housing problem from both sides. By encouraging saving for housing, we want to create a demand for houses. And then we want to try to meet this demand through housing projects refinanced by us," says K.S. Sastry, the first chairman of the NHB, which is a wholly-owned subsidiary of the Reserve Bank of India. As a start, the NHB has, for the past year or so, been mobilising funds from individuals under its HLA scheme through scheduled and public sector banks. Says Sastry, "We've managed to gather

SASTRY IS ATTACKING THE HOUSING PROBLEM FROM BOTH ENDS

nearly three lakh accounts under this scheme, which is rather good."

It has also got its act together for direct lending to individuals for building homes and house repairs. "Here too we've managed to give out Rs 100 crores to individuals," says Sastry. Besides, the NHB is focusing on financing land development and housing projects promoted by public agencies, professional developers and cooperative societies. On this front too it has met with some success with housing projects lined up in Maharashtra, Madhya Pradesh, Uttar Pradesh, Goa and Andhra Pradesh.

Secondary finances. But the NHB is not directly involved in these operations. Banks, both public sector and scheduled, dole out the funds under NHB norms as direct loans for housing and accept savings under the HLA scheme. They then get their coffers refilled from NHB's piggy bank. "We are basically secondary financers for housing," says Sastry, who, before this posting, was additional secretary (budget), ministry of finance. Besides refinancing, the NHB has other roles too, like regulating and assisting the existing housing finance companies and promoting new ones. "Abroad, national housing banks deal with only one of the three functions. That is where the NHB is unique," says Sastry.

For promoting new housing finance companies, Sastry is looking for three requirements: public limited company status, Rs 1 crore paid-up capital and housing finance as the main area of operation. "We could also take up equity in companies which come up in areas not adequately covered," says Sastry.

The NHB gets its funds through bond issues, the Life Insurance Corp, and the HLA. Come 20 July, it will be tapping the market with a 9% capital bonds issue. "This will help augment our resources and the bonds will have a three-year maturity along the lines of the IDBI Capital Gains Bonds.

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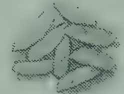
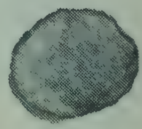
AND POWDERS LIKE , , , , , 

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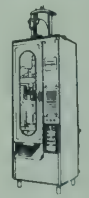
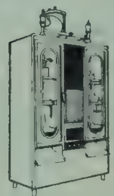
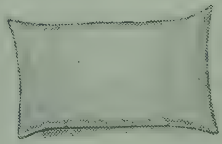
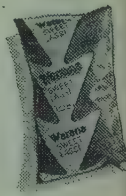
PACKAGING MACHINES,  THAT PACK  LIQUIDS LIKE , 

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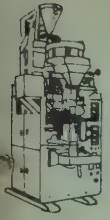
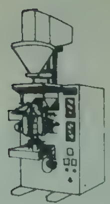
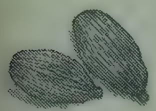
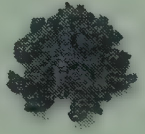
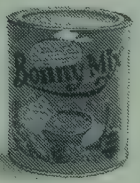
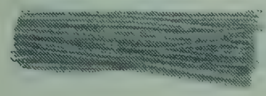
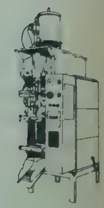
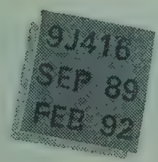
 RANGE OF AUTOWRAP  PACKAGING MACHINES, THAT PACK SOLIDS

, , 

, ,  ; AND FILPACK 

THEY WEIGH, FORM, FILL, SEAL AND EVEN DATE-CODE 

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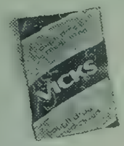
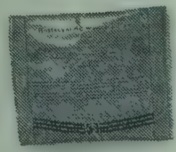
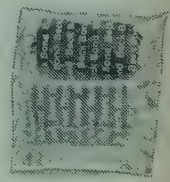
PROCTER & GAMBLE 

, HOECHST , DR. BECK & CO. ,

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In the future, however, we will try to make the NHB a self-financing institution," says Sastry.

According to him, the housing finance schemes in existence before the HLA were not really targeted at the common man. "Our scheme has been designed in such a way that a businessman, a professional or even a sweeper can save under the HLA and hope to get a home," says Sastry.

Which should be good news indeed.

CONSULTANCY BYTE

With the kind of trail the booming computer industry is leaving, specialised consultancy services are bound to follow suit. Inderjit Sabharwal picked up the scent in January this year when he promoted S.I. Consultants.

"We are a one-of-its-kind firm in the country offering manpower recruitment, market research surveys, specific market information services, world scenario reports and newsletter publishing," says Sabharwal. He expects a turnover of Rs 20 lakhs in the current year and hopes to touch Rs 1 crore in four years.

Seeds sown. An MBA with a degree in mechanical engineering, Sabharwal joined ICIM as a systems engineer. But it was at Comtech, a Delhi-based computer consultancy frim, that he sowed the seeds of his own venture.

Sabharwal has already latched on to big names. His list of clients includes ICIM, Digital, CMC, Usha Computers and Modi Olivetti. Having already supplied more than 100 personnel to Indian companies, he has no qualms about poaching. Says he, "We even snatch outstanding people from competitors." And with a memory bank of top computer professionals, he claims he is able to supply manpower in a couple of days. He has recruited about 20 personnel for overseas clients.

On the information side, Sabharwal prints a monthly newsletter, *Infodesk*, which provides news on hardware and software developments in India and abroad to clients.

Market reports. Another area of specialisation the company has entered is market reports. Sabharwal has prepared market reports on local area networks

SABHARWAL HAS A HOTLINE TO PEOPLE

(LANs), fax machines, personal computers, printed circuit boards, floppy disk drives, laser printers, etc. Each report is priced between Rs 1,500 and Rs 3,000 and updated annually. "We even answer specific queries of the buyers and prepare specific reports as per the needs of the client," says Sabharwal.

To cope with the growing business, Sabharwal, who is based in Delhi and has offices in Bombay and Pune, plans to spread his network further. He is now moving to Calcutta and Bangalore. "The field has enough potential and lucre as long as one can work hard and produce results," says Sabharwal.

And the right contacts, one should add.

MELA'S MELA

It's a grand *mela*. Gautam Bhardwaj of Modern Exhibition Liaison Associates (Mela) has mooted a novel concept to bring all the finance and investment companies under one roof for a few days.

"A busy executive does not have enough time to do a comparative study of various investment options and loan facilities available to him. Spending a few hours in our exhibition on finance and investment will tell him all," says Bhardwaj. Sponsored by the Life Insurance Corp of India and the National Housing Bank, the first exhibition will open in Delhi's Ashoka Hotel on 30 September. This will be followed by similar exhibitions in other metros.

Need-based categories. The entire exhibition is segmented into six need-based categories—banking, housing, leasing and hire-purchase, insurance, investment, and corporate securities. Various companies engaged in the field will be invited to participate in the exhibition, giving them a chance to communicate with prospective clients directly. "To ensure that a visitor gets a true and competitive picture of various facilities available in a particular sphere, independent experts in these areas would be made available for personal counselling," comments Bhardwaj. The experts include P.N. Vijay of P.N. Vijay Financial Services and Prithvi Haldia, director of Praxis, a stockmarket consultancy firm.

Besides parleying with experts, visitors will be able to talk to the companies present at the exhibition individually. Mela will also have a public grievance cell where investors will be able to file complaints; these will be forwarded to the companies concerned. And to study consumer behaviour on the basis of visitors' response, the National Council of Applied Economic Research has been roped in.

Says Vijay, "I'm convinced of the potential of this kind of services where one can have all the information at a place." The organisers expect several leading financial institutions and banks and hire-purchase companies to feature in the exhibition. The success of the first exhibition could help make the Mela *mela* an annual event.

(With contributions from K. Madhavadas, N. Raghavan, Anil Wanvari & Shashi Shekhar.)

CHHABRIA CALLS IT QUITS

A very curious board meeting was held at Wallace House on Saturday, 30 June. Convened at very short notice, the required quorum of three Genelec directors (B.K. Banerjee, A.S. Malik, T.S. Venkatesan), the president (Kewal Sareen) and the company secretary trooped in through the back door as the main gate was closed on a holiday.

After waiting for close to an hour beyond the appointed time of 11 am, ostensibly as a courtesy to deputy chairman Kishore R. Chhabria (elder brother Manu had already left for Delhi by the morning flight), the truncated board sat down for business.

Within minutes, it was clear what that business would be. The 'let's wait and see if Kishore turns up' bit was a carefully contrived charade. When it came to the agenda item marked 'Any other business,' the company secretary promptly flourished two stunning letters: both Manu and Kishore Chhabria were resigning from the Genelec board.

The small group ended its close-to-clandestine meeting shortly thereafter, with the members cautioning one another that the news had best be kept 'confidential.' The secret, alas, turned out to be less than well-kept.

"We wanted to bail out Genelec but the banks are hostile," fumed Kishore Chhabria. He was apparently unhappy as not only had the Board for Industrial and Financial Reconstruction (BIFR) rejected Genelec's status as a sick company, but even the banks had meekly accepted this ruling.

SOMEWHAT ODD

In tangible terms, all that the Chhabrias have at stake is Shaw Wallace's investment of around Rs 4 crores for a 28% equity stake in Genelec. Kishore Chhabria, who is also managing director of Shaw Wallace, has already hinted that the company "might write off this investment as a dead loss."

The lending banks, though, led by Grindlays, are out on a limb to the extent of a whopping Rs 40 crores. If a bankrupt Genelec is wound up, it is highly unlikely that the banks will recover anything more than a small fraction of this amount.

By unilaterally chucking up their Genelec directorships, the Chhabrias have signalled loud and clear that they are no longer interested in pursuing the revival of this company.

A quick feedback from corporate analysts indicates that this move could have been triggered off by one of two reasons. One reason is that the gains from running Genelec would not be worth the cost of its Rs 14-crore revival package, so it makes business sense to cut one's losses and scoot. The other is that Genelec would be perfectly viable if sufficient money could be pumped in, but the Chhabrias have no funds.

Even till recently, Manu Chhabria had made confident statements about Genelec's inherent viability and how multi-crore orders were at hand but could not be taken up because of lack of funds. He had also remarked that he was toying with the idea of a rights issue in pursuit of the tenet that in a public company all shareholders should bear the risk. Against this backdrop, the quick conclusion that the Chhabrias were jumping ship owing to the second reason (i.e. lack of funds) seems inevitable.

Yet, only 18 months ago, shortly after taking over as Genelec chairman, Chhabria had impatiently waved away company managers who had broached a Rs 5 crore business plan. "Talk to me in terms of Rs 50 crores and not Rs 5 crores," he had admonished flamboyantly. Today, the wheel has turned full circle and, rather than contribute Rs 5 crores to Genelec's revival package, Chhabria has preferred to walk out of the company.

Curiously, a close parallel is developing between the case histories of Genelec and Metal Box. Both were acquired in a semi-ailing state, both went from bad to worse, leading the new entrant (in Metal Box's case, it was B.M. Khaitan) to quit in disgust. Despite strenuous efforts, no buyers have been found for Metal Box, and it is doubtful whether there will be any takers for Genelec either.

Meanwhile, Chhabria will have to explain his actions. If nothing else, at least Shaw Wallace shareholders will want to know at their next general meeting (coming up in less than three months' time) the whys and wherefores of their dud investment.

And amongst those who would dearly love to hear Chhabria's explanation are doubtless the top brass of the General Electric Co of India (GEC), the original vendor of the Genelec shares. Shaw Wallace has sued GEC directors on the criminal charge of cheating, but the question that's already being asked is: if the Chhabrias could not persuade BIFR that Genelec was sick, would they be able to prove to the courts that the Genelec apple was actually a lemon?

■ *Sujoy Gupta*

On the face of it, it seems as if Chhabria has chickened out as far as Genelec is concerned

FARMLANDS

CULTIVATING CASH

Buy land, for they ain't making any more of it. True, but in Bombay, the country's *urbs prima*, this bit of advice sounds like a sick joke, given the exorbitant price of land. Only the stinking rich can afford it.

But that has not stopped the not-so-filthy rich from making a splash on land. They're going for farmland. And how! Just about 100 km away from the heart of Bombay, farmland is being parcelled out by the acre to urban land investors. A two-bedroom apartment at a distant suburb of Bombay may cost you all of Rs 6 lakhs or more, but an acre of farmland at the foothills of the western ghats, or along the Bombay-Nashik highway, costs chicken-feed: between Rs 40,000 and Rs 1 lakh. Add another Rs 2 lakhs for building the necessary infrastructure and a cottage, and you have a 'designer farm.

Land developers, many of them with dubious credentials, are cashing in on the city's upper-class itch to get away from crammed dwellings and rest in nature's lap, on a piece of land that's one's own. Picturesque names like 'Dream River Village Resort,' 'Sundervan,' 'Hill River Farms' and 'Gold Farm Schemes' conjure up dreams of a heaven-on-earth. The cool hilly surroundings, a flowing stream, thick mangroves, the smell of the good earth and unpolluted air are like manna from heaven for city folk.

Come Sunday, hordes of prospective buyers are carted off in buses (Rs 50 per trip per person) to far-off sites and shown vast verdant fields which could be theirs for a pittance. "I sell farmland for Rs 1.75 to Rs 2 per sq ft," says architect-turned-developer Shrikrishna Dharap of Dharap & Associates. The catch is the distance. The land he offers is virtually in the wilderness, a forested area in an adivasi village some 35 km from Karjat station. But eager buyers are undaunted. Some want to grab the land in the hope that in five years, when the promised infrastructure is ready, they will make a killing of nothing less than 300%.

"The fast rate of appreciation of farmlands around Bombay is not a myth," says Hussaini Nalwala, a director of the K.H. group of companies, which is into canning and bottling, among other things. "Three years ago I was selling an acre of land in Karjat for Rs 90,000. Today I sell the same for Rs 2.5 lakhs."

Hussaini (23) and his 24-year-old partner, Keith Nazareth, got into the land development business in 1985. They bought 40 acres of land at Karjat and sliced it into one-acre plots to sell to the land-hungry Bombay investor. They have never looked back since. This year Hussaini has announced a similar scheme, after acquiring land at village Pali in Raigad district. The Rs 40,000 per acre plots drew instant response on the very day an announcement was made in the daily press.

Big gain. The early birds in the game have certainly got their worms. Janardhan Kamat, employee relations manager at Eureka Forbes bought two acres of land in Panvel in 1984 for around Rs 30,000 an acre. "Today I am offered Rs 3 lakhs an acre," he says happily.

But he is one of the lucky ones. Some farmland buyers who went into it with their eyes closed have had nothing but heartburn. A colleague of Kamat's quit one such farmland investment project as it was an endless pit for money. The developers kept escalating prices on the plea of putting up clubhouses, swimming pools etc, thereby delaying the handover of the land to the investor. The result: he pulled out in disgust.

Such problems do not, however, daunt others. And the reason is simple: Bombay can grow in only two directions, upwards and towards the mainland. And it is doing so at a frenetic pace. Fifteen years ago, Juhu, Versova and Andheri were distant suburbs where the rich built their beach bungalows. Thanks to builders like Raheja, Lokhandwala and their tribe, these suburbs have now turned into concrete jungles.

EARLY BIRD JANARDHAN KAMAT (INSET) AND HIS FARMLAND

Hectic building activity is now on even in previously unheard of suburbs like Nalasopara, Dombivli, Dahisar and New Bombay. Real estate prices in these areas have appreciated by over 300% in the last few years, and that too for tiny, pigeon-hole apartments which lack even basic amenities.

DHARAP CALLS FROM THE WILDERNESS

For claustrophobic Bombayities, therefore, an acre of land within two to three hours' driving distance is thus a godsend. But buying agricultural land is not an easy task. Agricultural laws are cumbersome. Besides, the communication gap between village officials handling bureaucratic procedures and time-conscious city folk leads to umpteen hassles. The situation is thus ripe for middlemen: the land developers, who have perfected ways and means of getting the necessary clearances from the local authorities.

The trend towards farmland investment was started by the *nouveau riche* of Bombay, when estates covering four to five acres came up during the late seventies in places like Alibag, Panvel and Khopoli. But now it's the upper middle class hankering for one-acre plots in remote interiors because land along the highways is beyond their reach. Most of them are one-time buyers investing in farmland to build getaway retreats. But there are others who buy purely for speculation. Says Nalwala: "Many of my buyers could be speculators." Dharap disagrees. "I discourage speculators. I sell plots mostly to those who want to develop and cultivate the land. This way they can create jobs for villagers who help them on the farm. This could help stop the exodus of villagers to Bombay city."

NALWALA DREW INSTANT RESPONSE FROM INVESTORS

Number of schemes. Altruism apart, land selling is good business. Most developers have a number of schemes running in different villages. About 100 to 200 acres are bought at a time and kept for development. Investors are then made members of horticultural cooperative societies to avoid the hassles of agricultural land laws, under which only cultivators can buy agricultural land. Horticultural societies are, however, exempt from this restriction.

The developers and promoters buy agricultural land for a pittance: Rs 5,000 to Rs 10,000 an acre. They develop the land, provide infrastructure facilities like water, electricity, approach roads, borewells and fruit trees, and they sell it to eager city folk for anything between Rs 40,000 and Rs 1.75 lakhs an acre. Payments are divided into four or five instalments, the initial one being a minimum of Rs 25,000. Some developers even offer help for loans from the Housing Development Finance Corp and the Life Insurance Corp for building houses on farmland.

How can developers/promoters acquire agricultural land in the first place? Simple. With the help of contactmen at the *taluka* and district levels, they get themselves declared as agriculturists. Once this is done, they can buy farmland at will. The transfer of this land to the final investor, however, is done through the formation of horticulture cooperative societies which are, of course, exempt from agricultural laws. Explains a well-known Bombay lawyer: "Under the Bombay Tenancy and Agricultural Land Act, a member of a horticultural society need not be an agriculturist." So hundreds of acres of agricultural land are converted into the property of horticultural cooperatives and sold to members.

Fraudulent deals. The time gap between the first instalment paid by the investor and the formation of the cooperative is when fraudulent deals are hatched. In many cases, the developer enters into a deal with the farmer so that the land is not sold outright to him. An 'agreement of sale' is made whereby the farmer agrees to transfer the land to the developer. This is not a water-tight agreement and, as such, offers little protection to the ultimate buyer. Buyers, therefore, need to do their homework well by checking with the village *talati* about the title deeds for the land.

Since that means doing a lot of spadework, on balance, it should be safer to go to developers who have a reputation to protect. But well-known names in the real estate business have fought shy of the farmland business. Says Arvind Pahwa, chief executive of Lokhandwala Constructions: "The risks are too many." Hussaini, Dharap and Vilas Samant, of course, don't think so. Says Samant of CowTown Land Development Pvt Ltd: "The risks can be minimised if you are careful. A genuine developer checks the land and revenue records at the village *talati's* office to ensure that the land is free for sale. A notice is then inserted in newspapers to determine the right of sale in case there are many claimants to the land."

SAMANT: "INVESTMENT RISKS CAN BE MINIMISED"

In any case, the hassles involved are less important for those with the taxman in mind. As agricultural land holdings and farmhouses are exempt from wealth tax and income from agricultural produce is free from income tax, the owners cultivate their plots with cash crops, vegetables and fruits. Kamat (quoted earlier) cultivates his two-acre plot with "rice, seasonal vegetables and fruits for selling them in the market." But for the speculators, the big money is in selling the land itself — after it appreciates.

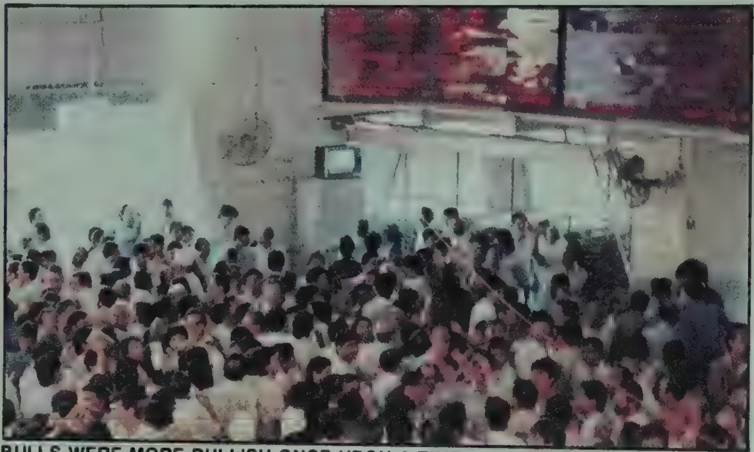
■ *Maya Rai Choudhuri*

STOCKMARKETS

DISCOUNTING GOOD NEWS

Forget the gut feel; general impressions can be deceptive.

The year 1989-90 might have been one of vulgarly opulent profits, of chock-a-block granaries and of a smooth transition of political power, but the figures don't reflect this. It was a year when more money was pumped out of the capital markets by the corporate sector than ever before. But despite all the fundamental *teji* that our Dalal Street mandarins have been lecturing us about, equity values on the principal stockmarkets have been piping a different tune. Consider:


BULLS WERE MORE BULLISH ONCE UPON A TIME

- The 30-share Bombay stock exchange (BSE) sensitive index (Sensex) was 798 on 5 July 1989. On 26 June 1990, it was just 820.35.

- The 100-share BSE National Index was 404 on 30 June 1989. On 26 June 1990 it was just a wee bit higher at 434.70.

A study of 500 corporate results published by *The Economic Times* recently showed that gross and net profits improved by a whopping 50% and 67% respectively. But marketmen were not exactly whooping it up. The price-earnings (P/E) ratio, which is essentially an optimism quotient, failed to cheer up. In July 1989, the all-industry P/E ratio was 13.44. Ten months later, it had improved by a feeble 5% to 14.18, indicating that the market had surprisingly discounted the inherent bullishness of Indian industry.

True, overall market capitalisation sort of leapt from Rs 39,392 crores (July 1989) to Rs 48,663 (May 1990), but when one considers that nearly half that increase was through record equity-creation via public issues, the elation deflates. For that's not quite equity appreciation on the market, please.

For almost a year now, the Sensex has struggled to make a significant advance beyond the 800-mark. Since its Everest at 798 on 5 July 1989, it made three distinct upward waves — 792 on 12 December 1989, 805 on 4 April 1990 and 811 on 29 May 1990. But each time the Sensex neared its previous peak, it surprisingly ran short of fuel. The last week of June again saw the Sensex rising well above the 800-mark, but the moot question is: will it hold?

Psychological bogey. Before end-June, the 800-mark seemed to be some kind of a psychological bogey. Each time the index dizzied up to the magic figure, operators-turned-index watchers either disinvested or shortsold so heavily that the Sensex plunged.

The first couple of times this happened there was reason to believe that the overheated markets needed some technical cooling. But eventually when the Sensex began faltering from 805 and 811, the whisper had become usual: *"Aath sau ke paas becho! Babu log thokta hai!"* ("Sell near 800. The big operators are selling.")

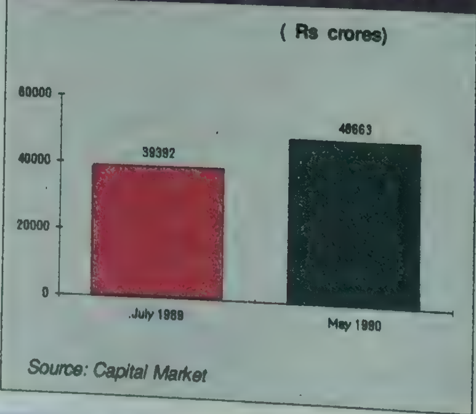
Conclusion: in spite of a year of supposed hunky-dory corporate numbers, the index has failed to chart significant new ground.

The Sensex, one could argue, interprets the zig-zags of only a selected 30 high-action securities. But in the cash list, too, the scenario is gloomy. Even companies with improved earnings are not making any major upward movement on the market.

Take Usha Telehoist, a Calcutta-based engineering outfit. The company reported a net profit of Rs 3.40 crores in 1989-90, an earning per share (EPS) of Rs 11. The price? The equity attracted sparse trading between Rs 33 and Rs 36 for a week after the results were made public at Lyons Range.

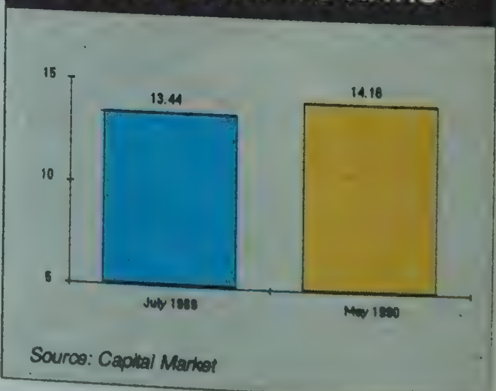
Case 2: Malabar Building Products, a Birla company promoted by the high-flying Hyderabad Industries to manufacture cement products, has an equity base of Rs 2.10 crores. For the first half of 1989-90, Malabar Building earned a net profit of Rs 53 lakhs (EPS: Rs 2.52). In the second half, the bottomline improved — a net profit of Rs 80 lakhs (EPS: Rs 3.81). Normally, Malabar Building would have spurted. Analysts would have argued that if the company even maintained (forget bettered) its second half perfor-

MARKET CAPITALISATION



Source: Capital Market

ALL- INDUSTRIES PRICE-EARNINGS RATIO



Source: Capital Market

mance during the current year, the EPS would have climbed to Rs 7.60 for 1990-91.

The cement products industry enjoys a high P/E ratio of approximately 13 (Everest Building Products' EPS is Rs 20 and price Rs 170; Hyderabad Industries' EPS is Rs 12.70 and price Rs 115). But Malabar Building? Despite its improved results, despite the limited supply of the scrip on the trading floor, and despite the company being in the right industry, the share retreated from Rs 46 on 10 May to Rs 42 on 26 June.

Low prices. It gets curiouser and curiouser. Vidula Chemicals reported an EPS of Rs 8 on an equity capital of Rs 45 lakhs. Its price: only Rs 42.50 at Lyons Range on 15 June.

The P/E ratio of Maharashtra Fur Fabrics (MFF) also confuses the thinking mind. The company made a Rs 1.61 crore net profit in the nine months ended 31 March 1990. The anticipated annualised bottomline: Rs 2.14 crores. The annualised EPS is Rs 9 on an equity capital of Rs 2.40 crores. The accumulated losses: a mere Rs 64 lakhs.

But the markets muffed their chance. The day the 1989-90 results of MFF were published in the leading newspapers of the country, its scrip rallied from Rs 17.50 to Rs 27 on Dalal Street. Sellers predominated and the scrip retreated to Rs 24.

There's more: Parasrampuria Synthetics totted up an EPS of Rs 8 but the price stagnated around Rs 40. Vikrant Tyres produced an EPS of Rs 5.50 for 1989-90, including an EPS of Rs 9.80 for the October-March period, since the first half had produced a net loss. Its equity capital: Rs 10.40 crores. Its price: a lowish Rs 28.

Punjab Alkalies reported an EPS of Rs 5 on an equity capital of Rs 10.25 crores. But its share is priced at Rs 30, in spite of the flourishing bottomlines of the caustic soda industry.

Why is the stockmarket overdiscounting corporate performance? Why are shares not moving up inspite of bullish advice? Why are Rs 10 EPS shares stagnating in the Rs 55-60 slot? Why are *tejiwalas* shouting *becho* when a Rs 8 EPS company with a bright future hits the Rs 50 mark?

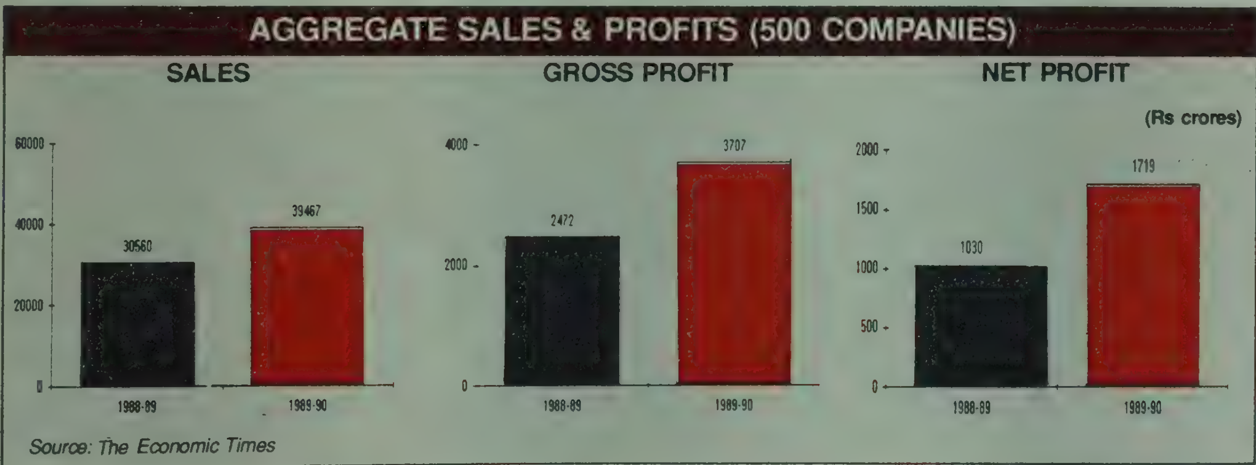
New pricing formula. Krishna-Kumar Goenka, a broker at Lyons Range, thinks he knows why. "The market has devised a new pricing formula. Years ago, the modus operandi used to be simple. A company's EPS was multiplied by the face value of the share. A Rs 15 EPS company, for example, was said to be fully priced at Rs 150. A Rs 8 EPS company peaked around Rs 75. Now it is different."

How different? Answers Goenka: "There are so many instances of companies earning as much as their equity capital that the very phenomenon of a Rs 10 EPS is getting discounted. It's no big scene for a company to report a Rs 8-10 EPS nowadays. Besides, the investor has also become choosy; he has a supermarket-like choice between buying a Rs 4 EPS company at Rs 18, a Rs 8 EPS company at Rs 40 and a Rs 15 EPS company at Rs 95."

Other factors, too, take a hand in holding equity prices down. The phenomenon of book closures, for one. Most companies take an average of three to four months to process and despatch transferred shares back to the new owners. Therefore, fast-in-fast-out operators are more inclined to sell out before book closures in a bid to stay liquid. After the books close, of course, they may buy the same share back if they still fancy it. General Industrial Society (GIS) proves this point; it was sold down from Rs 63 to Rs 50.50 on the eve of its book closing on 21 May.

Certain counters also stay sluggish because they are not listed on the Bombay stock exchange. Nicco Steels (EPS of Rs 26.80, market price Rs 100) and GIS (EPS of Rs 13, market price Rs 53) are cited as examples from Lyons Range. The Madras-listed Rane Madras jumped as soon as it was listed in Bombay.

Speculative mood. There is a third and curiously interesting factor as well — the prevalent speculative mood. Sometimes speculators in sentiment stocks are difficult to satisfy. They build up long bull positions before a company announces its results and almost inevitably sell out as soon as the performance, however improved, is made public. Once these high-tension shares dive, the trading mood worsens. Consequently, cash shares either stagnate or gradually ease.



Source: The Economic Times

This newfound relationship between earnings and prices affects the average investor in a basic way. Let us presume he buys 100 shares of X (EPS — Rs 8) at Rs 28, expecting it to appreciate to Rs 70. The share, however, potters around Rs 45. His anticipated capital appreciation was around Rs 4,200. However, he eventually tires and sells out at Rs 44. Realised profit: only Rs 1,600.

Conclusion: if the currently-prevailing scenario becomes the established norm (i.e. the all-industry P/E ratio weakens) the stockmarket will reflect less optimism. Shares will start seeking less ambitious levels. And the capital appreciation accruing to investors will be limited.

In short, investors will make less money on the market. Watch out.

■ *Mudar Patherya*

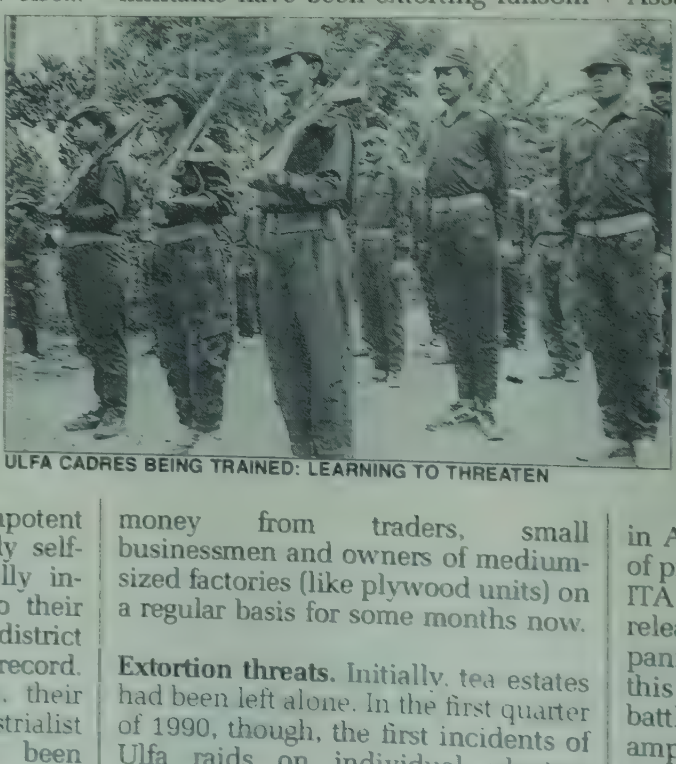
TEA ESTATES

ASSAM'S VALLEY OF FEAR

The tranquillity, these days, of the mist-glazed tea gardens of Upper Assam reflects the silence of fear. The last few weeks have witnessed a rapid escalation in the terror tactics of the militant United Liberation Front of Asom (Ulfa), aimed specifically at extorting money from those who own and/or run Assam's Rs 1,000 crore plus tea industry.

■ On 11 June, several captains of the tea industry who had earlier been summoned "to discuss regarding (sic) the active participation of the tea industry in the economic development of Assam" were led blindfolded to an unidentified venue near Dibrugarh. For all practical purposes at gunpoint, they were told to pay up Rs 5 lakhs per garden within 10 days, or else... "Failing to honour our request will bound (sic) us to take action according to our constitution."

■ On 23 June, four Ulfa activists stormed into Jokai India's Panitola tea estate and threatened non-Assamese executives with serious consequences if they did not leave Assam by 5 July. Reports *The Economic Times* (28 June), "When the executives tried to explain their case, the Ulfa boys, who were in no mood to listen to reason, beat them up severely."


ULFA CADRES BEING TRAINED: LEARNING TO THREATEN

■ Cocking a snook at the impotent state administration, supremely self-confident Ulfa activists actually invited a band of journalists to their camps in North Lakhimpur district and offered interviews for the record. With outrageous nonchalance, their spokesman admitted that industrialist Surrendra Paul had indeed been gunned down by Ulfa men. Paul was "punished" — no doubt according to Ulfa's bizarre "constitution" — for his "systematic elimination of Assamese" from his company.

After months of ostrich-like pretence, the Indian Tea Association (ITA) finally shed its reticence by end-June. A press note warned that the condition in Assam is "far worse than it appears on the surface." Displaying rare unity and bravado, the ITA has publicly rejected Ulfa's Rs 5 lakh per garden ransom claim in full knowledge that "refusal to pay up may bring reprisals from Ulfa."

The ITA has urged the state authorities to "immediately take stern steps to arrest the fast deteriorating conditions and enable the tea industry to fulfil its production and export obligations." (Assam tea is expected to earn Rs 700 crores in foreign exchange this fiscal year.) Warns ITA: "If the situation continues, the consequences will be catastrophic for Assam and the country as a whole."

Any conversation with tea industry seniors on the topic of payoffs to Ulfa is inevitably conducted in hushed undertones. Yet it is not a secret that Ulfa militants have been extorting ransom money from traders, small businessmen and owners of medium-sized factories (like plywood units) on a regular basis for some months now.

Extortion threats. Initially, tea estates had been left alone. In the first quarter of 1990, though, the first incidents of Ulfa raids on individual planters began to occur, accompanied by extortion threats. By all accounts, Ulfa activists have since been emboldened by their past "successes" and want to raise funds counted in crores rather than in lakhs.

Tea industry representatives, on their part, have been approaching the state and Union governments at least since January, pleading for corrective action. The top brass have called on ministers, the cabinet secretary and departmental bureaucrats at New Delhi and Guwahati — with little effect, as events show.

The state government, in particular, has been consistently soft-pedalling the whole issue. Its inaction is so blatant that the ruling Asom Gana Parishad (AGP) is increasingly suspected of being hand-in-glove with Ulfa. Otherwise, runs the argument, how can any self-respecting government abdicate its authority and allow the Ulfa to virtually run a parallel administration in large parts of the state?

Bountiful one. Tea industry insiders say that the crop this year promises to be a bountiful one. (In any case, Assam has the highest yield, exceeding 1,600 kg per hectare.) But if the crop cannot be harvested in peace, there is every chance of the "catastrophe" predicted by ITA actually happening. There is no way the local populace can consume all the tea produced in case it fails to move out of the province, and neither is it possible to store tea indefinitely. And by a conservative count, at least a million people in Assam depend on tea for their livelihood.

"Demoralisation of management and staff would seriously affect the working of tea gardens in Assam and cause irretrievable loss of production and exports," points out ITA in its belated public statement released last fortnight. With tea companies having put up a joint front in this hour of crisis, it is almost as if battle lines are being drawn. For example, the ITA has not balked from using the word "reprisal" in its press note cited above.

Its dilemma is acute. For obvious reasons, the tea industry cannot but reject Ulfa's ransom notes. But for protection, it has no choice but to look up to the state administration which is being singularly unhelpful. The cuppa, sadly, fails to cheer.

■ *Sujoy Gupta*

FOUNDRIES

A FLOUNDERING INDUSTRY

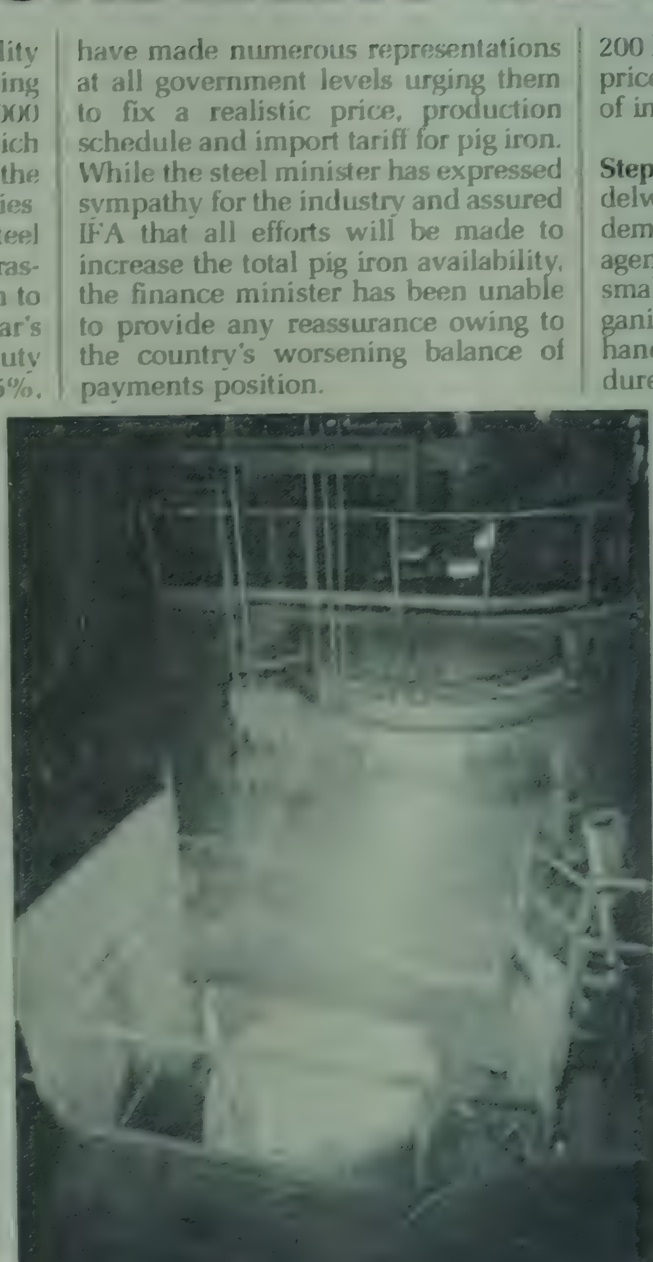
With pig iron availability dwindling at an alarming rate, more than 10,000 foundries in the country (out of which 95% are in the small sector) are at the mercy of government's agencies. For reasons unknown, the Steel Authority of India Ltd (Sail) has drastically reduced pig iron production to only 600,000 tonnes against last year's 1 million tonnes. With import duty slapped at an arbitrarily high 45%, foundries cannot afford to import the raw material either.

The result: a dismal capacity utilisation of less than 50%. The worst sufferer is West Bengal, which has the largest concentration of foundry units. According to Indian Foundry Association (IFA) figures, West Bengal units received only 30% of their requirements last year.

The estimated annual need for pig iron is around 1.8 million tonnes, and the present supply is 1.2 million tonnes. To compound the woes of the foundry industry, Sail has already given notice that integrated steel plants will stop producing pig iron altogether by 1992. The demand-supply gap will cross the million tonne mark next year from the current 60,000 tonnes, warns IFA president R.B. Khandelwal. And this will spell doom for the industry.

Ray of hope. A ray of hope is provided by the Vizag Steel Plant's programme to produce 300,000 tonnes of pig iron this year. But industry insiders predict that the actual availability will be only 200,000 tonnes. Khandelwal rues that the government's apparently foundry-friendly move to allow pig iron import under open general licence has fallen flat. After the 45% duty, the landed cost of the product is Rs 5,700 which is Rs 1,460 higher than the JPC (Joint Plant Committee) benchmark of Rs 4,240 per tonne. "No import can take place unless the import duty is suitably reduced," says Khandelwal.

Needless to say, IFA representatives have made numerous representations at all government levels urging them to fix a realistic price, production schedule and import tariff for pig iron. While the steel minister has expressed sympathy for the industry and assured IFA that all efforts will be made to increase the total pig iron availability, the finance minister has been unable to provide any reassurance owing to the country's worsening balance of payments position.


THE PIG IRON PINCH IS BEING FELT

According to Khandelwal, the IFA wants the duty reduced to 10%. But if this is not possible, it has suggested a way out: pig iron could be imported by an agency nominated by the government and distributed by Sail (together with indigenous pig iron manufactured by it) at a common averaged JPC approved price. This, he explains, would result in a comparatively small increase in prices. In fact, it is understood that a provision of Rs 200 has already been made in the JPC price to take care of the increased cost of imported material."

Step motherly treatment. Says Khandelwal: "The reason why we are demanding distribution through an agency is because our units are in the small scale sector and are unorganised. They are not in a position to handle complicated import procedures." He is sore that "step motherly treatment" is being meted out to the foundry industry although it earns as much as Rs 85 crores by way of exports. This year the target has been increased to Rs 125 crores.

Khandelwal says that pig iron production has been partially stopped because, by producing more steel instead, the government is making a substantial saving in steel import costs. But some of this saving ought to be diverted to the foundry industry, he reasons.

Foundry owners also complain that iron scrap — a pig iron substitute — has been put under the 100% import duty bracket. Others, however, face no such restrictions. According to the foundry owners, electric arc furnace and induction furnace industries are permitted to import smelting scrap at just 25% duty. Sail also imports pig iron by paying a duty of 25%.

All this is costing the Rs 2,000 crore turnover industry dear, not only in terms of unutilised capacity (installed 3.5 million tonnes per annum) and retrenchments (total direct employment: 800,000) but also in lost export opportunities. Laments Khandelwal: "Exporters have already lost contracts worth over Rs 12 crores."

Who is to blame? The entrepreneurs themselves, for not having proactively guarded against such an eventuality? Sail? The steel minister? Everyone says "not guilty" and, meanwhile, one more industry goes to the dogs.

■ *Ashoke Laha*

TINKERERS ALL

The more things change, the more they remain the same. For the Indian economy, no matter what changes the government tries to bring about, it seems to be a continuation of the same old policies. The new industrial policy announced by the National Front government has been hailed as a big leap forward, but in essence meshed in controls, changes cannot be ushered in by tinkering — as Rajiv Gandhi did and as this government is attempting to do. The malaise is too deep for piecemeal solutions.

The world over, economies are increasingly being oriented to the market, but that whiff of change is hardly discernible in the Indian scenario. The government talks of bringing in more competition but does not face up to the fact that the Indian economy is burdened with mindboggling controls, disastrous fiscal policies and a leaden-footed public sector.

Amid all the hullabaloo over liberalisation, the government, its ministers, bureaucrats and most intellectuals avoid talking about the one crucial issue which can make a major difference to the economy's health — the public sector. It's a monolithic monument to waste, inefficiency and coercion. Its monopoly nature in many sectors holds the citizens to ransom. Its employees thrive on sloth. And it shows utter disregard for the citizens in whose name it was brought into existence.

The recent bout of economic liberalisation may be well-intentioned, but it does little to get the government off the citizens' backs

IRRATIONAL DECISION-MAKING

It is the wide reach and control of the government which is directly responsible for so much of the misery the citizens in the country face. Governmental control over the banking sector has almost finished this service sector. The utterly irrational decisions on monetary controls, including the printing of currency to finance unproductive expenditure, has eroded the value of much that its citizens hold and work hard to gain.

After more than four decades of "planned" development, the ground reality is still one of large-scale debilitating poverty. As a consequence, those who are better off suffer from an underlying sense of guilt that they had to earn money by breaking some economic law or the other. The laws on ownership and earning being so regressive and unfair, citizens often have to break them to survive.

Thus when the government tom-toms a new industrial policy and believes that it is changing the economic scenario of the country, the leaders are merely piling one illusion on top of another. We have seen the "liberalisation" of the Rajiv Gandhi era. Announcement after announcement talked of an easing of rules and simplification of procedures till the word "liberalisation" itself became almost passe.

The changes, however, were more a comment on the kind of society we were living in before. Whatever little relief came the way of industry was lapped up, more like starving men who had suddenly been thrown a morsel. Sure, those liberalisation moves did bring about some difference to the economy, but they were neither far-reaching nor well thought out. They were the piecemeal responses of a leader who had seen the great strides taken by other nations. When his enthusiasm fizzled out, his vision got warped. The liberalisation flight took off fast, but it was not self-sustaining.

SIMPLIFIED PROCEDURES

V.P. Singh and his ministers today are talking in the same tone Rajiv did five years ago. They talk of more competition and less controls, of simplified procedures and incentives for exports, of opening up the economy to foreign investment and technology. But a mere statement of intent is no guarantee that the desired changes will occur. Whether it is the budget, or the exim policy, the five-year plan or the industrial policy, the few changes being made don't alter the overall structure of a command economy.

It won't work. The crux is that the powers-that-be do not want to relinquish their stranglehold over the economy. They want to give industry the right to shake its feet or hands, but not allow it to breathe normally. An independent industry and a thriving private sector economy are a threat to their power, their hold over citizens' lives. Economic freedom would make bureaucrats powerless.

It is a myth that a bold, effective and overall change in the economic policy would face insurmountable resistance. A leader at the top has to advocate privatisation consistently and go about doing it. All-round support from citizens, who are anyway the worst sufferers, will be forthcoming in due course. The advocates of statism would become powerless, as they have become in many of the east European countries which have emerged from a long night of tyranny.

India does not have to go down the road to socialist serfdom before breaking out into the fresh sunlight. We can see the dangers and correct our course right away. This should be the lesson from the cataclysmic political changes taking place in Europe.

■ *Hardev S. Sanotra*
The author is a Delhi-based financial journalist.

NEWS BRIEFS

■ The Gujarat State Cooperative Cotton Federation (**GSCCF**) is formulating a Rs 200 crore revolving fund for cotton procurement in the state. It is aimed at making farmers offer their produce voluntarily to the federation instead of marketing it through traders..

■ The ministry of environment and forests has cleared the Rs 1,583 crore **Neelam** project. The oilfield, comprising the B-131 and B-132 structures, is located about 45 km south-west of Bombay and has a production potential of four million tonnes of crude annually.

■ **Karnataka**'s excise revenue is expected to go up by over Rs 300 crores in the current year, according to the state finance and excise minister, M. Rajashekara Murthy. Of this, the additional income from arrack rentals alone is likely to be about Rs 242 crores.

■ The Damodar Valley Corp (**DVC**) has submitted to the Centre a Rs 100 crore afforestation plan in DVC's upper catchment areas in Bihar.

■ The **commerce** ministry is considering a proposal to set up a separate export promotion council (EPC) for oilcakes, oilseeds and minor oils.

■ The **Orissa** government has drawn up an ambitious industrialisation programme aimed at creating an **employment** potential for more than 1.2 million people in the state during the eighth plan period. The ministry proposes to set up 16,000 small-scale industrial and 5.44 lakh artisan-based units with an employment potential for 1.28 lakh and 10.88 lakh people respectively.

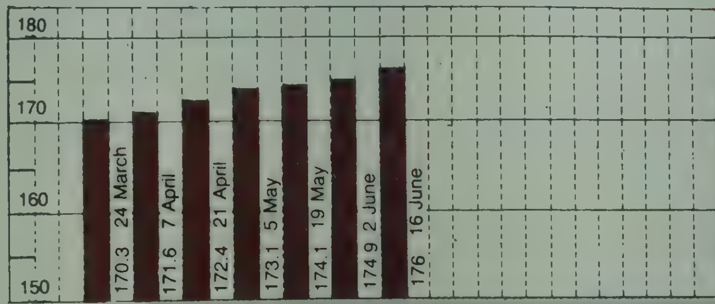
■ The **loan waivers** of upto Rs 10,000 announced by the Union government earlier in respect of farmers will be extended to **handloom weavers** also, according to textiles minister Sharad Yadav.

■ The government has decided to set up an empowered committee of secretaries to accord single-window clearance to all proposals relating to **deep-sea fishing** in the country.

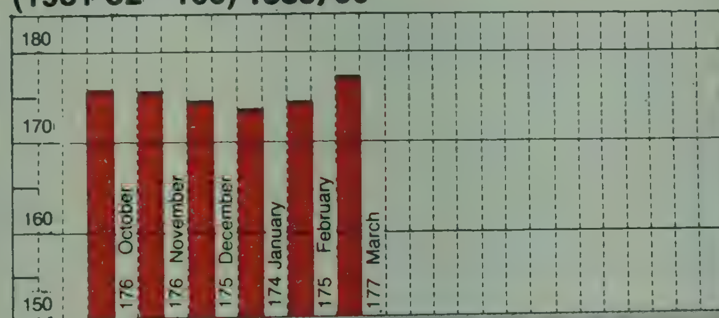
■ The Federation of Indian Chambers of Commerce and Industry (**Ficci**) wants the government to exempt from tax all capital gains arising out of the sale of assets and which are reinvested in shares and other productive channels within the specified time limit.

Foreign Exchange Rates (Spot) 1990	3 July (Rs)
One P. Sterling	30.85
One US Dollar	17.38
One D. Mark	10.48
One hundred J. Yen	11.50
One Saudi Riyal	4.71
One Kuwaiti Dinar	60.32

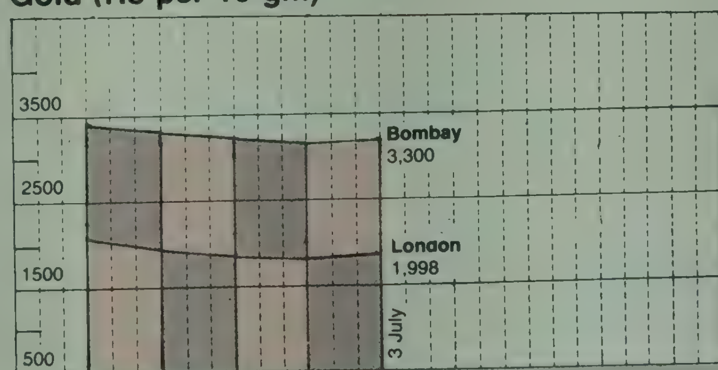
Wholesale Price Index (1981-82 = 100) 1990



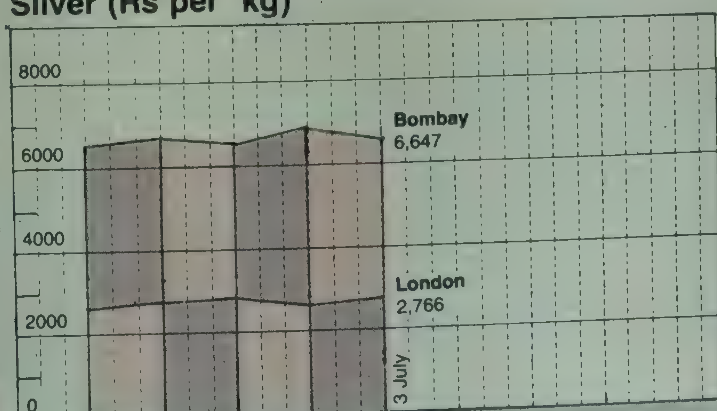
Consumer Price Index for Industrial Workers (1981-82 = 100) 1989/90



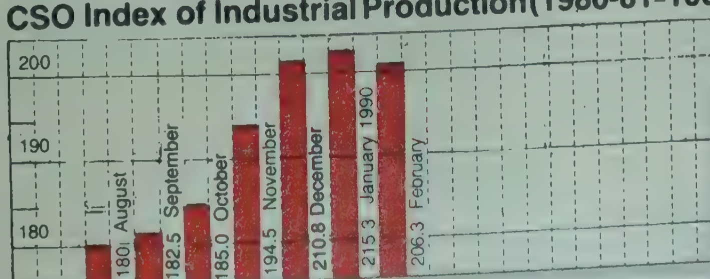
Gold (Rs per 10 gm)



Silver (Rs per kg)

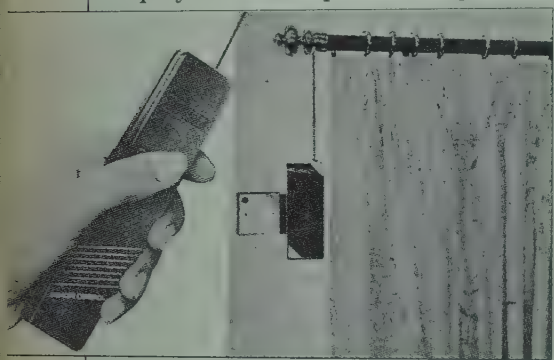


CSO Index of Industrial Production (1980-81=100)



MARKET LAUNCHES

Reiz Remote Controlled Systems has developed a remote control fan regulator/light dimmer, essentially designed for speed regulation of inductive loads i.e. fan motors. Made with European technology, the remote control regulator indicates speed ranging from zero to nine via a red digital display. Thus fan speed and lights can



be controlled while lying in bed.

Another innovation is the remote controlled curtain track, which is a motorised system specially designed for drapery rods made by two manufacturers — Aerolux and Vista. This system does away with the cumbersome tugging that drawing a curtain always entails, the company claims. A special feature of this system is an auto stop and reverse facility. If the motor overdrives, the "intelligent" electronics starts reversing the curtain after three seconds.

A similar system is also available for window awnings which are fitted as sun/rain shades outside the window. The price: Rs 2,950 for a motorised curtain track; Rs 700 for a fan regulator and Rs 5,900 for one for opening double housegates.

Contact: Reiz Enterprise, 106 Uday Park, New Delhi 110 049, India. Telephone: 669802 /3010442.

* * * * * * * *

Concept Software has developed Soft-script, a software solution to translate any desired output into Indian languages, viz Bengali and Hindi (Devnagari) on IBM PC compatibles. This is made possible, the company claims, by simply changing the input and output statements in programs written in Basic, C, and assembly languages. It supports standard ISCII keyboard layout and coding recommended by the department of electronics. Soft-script comes along with utilities and a general purpose line editor.

Programs compiled using Soft-script can be used on various computers because no additional hardware (card or keyboard) is required to compile and execute programs. The package can also be adapted for other programming and Indian languages. Besides, various fonts and point sizes are also available. It can be bought off the shelf or Concept will undertake the conversion of programs on a turnkey basis.

Contact: Concept Software, FA/5, DDA Shopping Centre, Phase-II, Munirka, New Delhi 110 067. Telephone: 664034.

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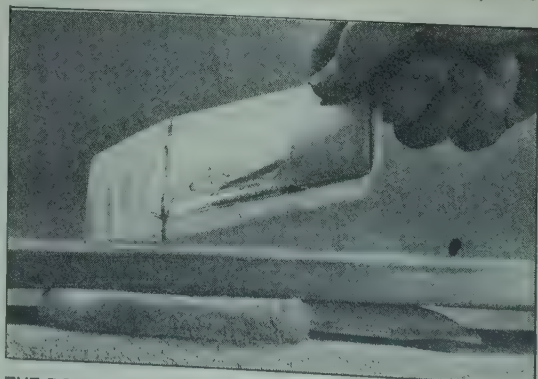
Multica Verpackungen GmbH of Bischweir, West Germany, has developed Multi-door, a product for fixing door linings in buildings. It is a chlorofluorocarbon (CFC)-free rigid polyurethane (PU) foam system based on Desmodur and Baymer — two raw materials developed by Bayer AG of West Germany.

The reaction mix produced from these two components is contained in a flat and disposable film pack which is inserted into the gap between the door lining and the masonry. Each film pack consists of two sachets, one inside the other, containing the individual PU raw material components. Pressure on the pack causes the inner sachet to rupture and the components are then mixed together by simply kneading the pack. A sufficient quantity of foam to bond the lining in place at the point of insertion can be made in just one-two minutes.



THE DOOR LINING FIXER

Contact: Jagat Chemicals, Express Towers, 17th floor, Nariman Point, Bombay 400 021.

* * * * * * * * *

Bombay-based Pycom Industries, a pioneer in data communication products like terminals and modems, has launched its latest modem MD 9600 DL/E V.32. It operates at 9600 bits per second (bps) and incorporates MNP standard 3, 4, 5 with built-in error correction and data compression facilities. Thanks to this, transmission can be increased to 19,200 bps. Because of its extra high speed, one can expect reduced telephone bills, the company claims.

Contact: Pycom Industries, D-4 Udyog Sadan No 3, Marol MIDC, Andheri (East), Bombay 400 093. Telephone: 6325260, 6344710. Telex: 011-72376 PYCM IN.

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This could just be the thing that motorists wanting to reduce the high pollution emissions from their vehicles could be looking for. Delhi-based S. Automobiles Specialities & Lubricants has developed Auto Tune, a "wonder liquid" which promises to clean up the carbon-clogged exhausts of all automobiles. Emission levels of toxic gases like carbon monoxide, oxides of nitrogen and hydrocarbons are also reduced. The company claims that Auto Tune, when injected into the carburettor (for petrol engines) or the engine charge system (for diesel vehicles), transforms carbon, soot, dust and varnish to a fine powder. These are then flushed out with the exhaust gases. The company claims that besides reducing the pollution levels, Auto Tune also helps lower fuel consumption and the wear and tear of the engine. Auto Tune sells at Rs 90 per container which lasts for 10 applications. To be used every 2,000 km, it costs the motorist just Rs 9 per month, the company says.

DE-ICER FOR ROADS

A salt-free de-icer for roads has been launched by BP Chemicals of the UK as an environmentally preferable alternative to rock salt, which is corrosive.

CMA (calcium magnesium acetate) granules delay the refreezing of road surfaces, discourage the formation of "black ice," and are less destructive than rock salt which can damage roads, cars and vegetation.

CMA is made from dolomite limestone (calcium magnesium carbonate) and acetic acid. The granules penetrate the surface of the snow and break the bond between the road and snow (or ice) by lowering the heat of solvation, thereby preventing the formation of dense snow-packs during heavy snowfall. Compared to rock salt, CMA leaves no significant stains and lasts longer.

MEMBRANE FOR CAUSTIC SODA

Japan's Asahi Glass has developed an ion-exchange film for use in membrane chloralkali processes. The company claims that the film can produce caustic soda at 50% concentration, compared to existing membranes which generate caustic soda at 35%. It adds that evaporation costs can be reduced by 15-25% and investment in concentration equipment is avoided.

Currently, only 14% of the 46 million tonnes per annum (tpa) of caustic soda produced worldwide is based on membrane technology. Asahi Glass expects this to grow to 36% by the year 2000, when output is forecast to reach 55 million tpa.

Competing chloralkali routes are the mercury cell and diaphgram processes. Observers expect Europe, where 70% of production is based on mercury technology, to switch to the cleaner membrane route over the next 10 years.

UNDERGARMENT FOR SECURITY STAFF

US-based Security Unlimited, specialising in worldwide security strategies, has developed the ultracool ribbed ventilating undergarment (RVU) to provide comfort and ease of movement for those wearing protective body armour.

Made of hydrofil nylon, RVU acts as a body thermostat preventing perspiration which makes body armour uncomfortable. Hydrofil nylon was chosen for its breathability and moisture reducing properties.

The RVU garment is expected to encourage the widespread use of body armour by those in high-risk professions.

SMOOTHER THAN SILK

Three US textile firms — Guilford Mills, Klopman Mills and Milliken & Co — have, jointly with Du Pont, introduced Mattique, a new micro-denier polyester fibre. The fibre is finer than silk, since it is made of numerous microscopic filaments at less than one denier per filament.

Mattique can be knitted or woven, used alone or blended with cotton, rayon or wool. In addition to its light weight it is soft, drapable and maintains colour clarity and shape. Initial target markets for the fabric are pants, suits, dresses, shirts, blouses, loungewear and intimate apparel.

Mattique, according to Du Pont, "helps create a soft, silky, sensual sexy fabric that updates manmade fibres into the spun area."

ANYWHERE TELEVISION SET

Grundig of West Germany has developed a small colour TV set that can be used anywhere in the world. Equipped with state-of-the-art TV technology, it is ideal as a portable set and can be installed in vehicles of all kinds.

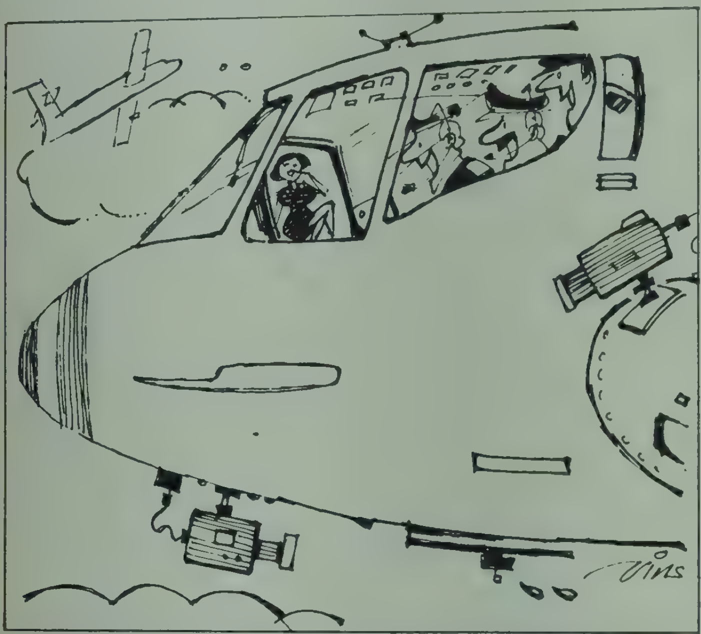
This versatile set with a 25 cm screen is capable of receiving all standard modes of TV transmission — Pal, Secam and NTSC. It can handle an alternating current of between 80 and 260V from 50 or 60 hertz systems as well as direct current of between 10 and 30V.

EXTINGUISHING METAL FIRES

All industries which use liquid metals at temperatures above 1,500°C will welcome the system for fighting fires in metals, gases and hydrocarbons developed by the Sovitech company in France. The system consists of projecting an unpalpable powder made from minute, perfectly spherical glass balls a few microns in diameter on the fire. When the powder comes in contact with the fire, the glass absorbs an enormous amount of heat. In melting, the glass then forms a layer which encloses the fire, excluding the intake of oxygen.

VIEW MIRRORS FOR JETLINERS

Britain's Royal Aerospace Establishment at Farnborough near London has perfected what is claimed to be the first aircraft external video viewing system. As a result, jetliner crews may be able to view



"TURNING THE VIDEO CAMERA ON AIR-HOSTESS PAMELA WAS A GOOD IDEA YOU GAVE, JOHN!"

most of the outside of their aircraft such as wings, engines and tail from the cockpit during flight. A major benefit is that the crew can assess any external damage and take corrective actions during emergencies. Aviation experts believe that such a system could become mandatory within two years in all civil aircraft.

The system is based around a tiny video camera about 150 mm long with a lens of 25 mm diameter. In addition to giving the crew a view of most of the outside of the plane, the video system can make a record of the entire flight. The tapes can be stored in a crash-survivable container like the black box. In the event of a crash or other emergency, the recorded view of the outside of the aircraft could provide valuable information to investigators.

SINGLE LIGHT SOURCE FOR CARS

Cars of the future may have all the light for headlamps, indicators and interior lights sourced from a single powerful bulb. GE Lighting, a subsidiary of US-based General Electric, calls the system the Light Engine. The light from the single bulb would be piped using optical fibres to every part of the car. A word of caution, however, is that since it's incorporation would involve radical changes in car design and construction, it may take several years before the system is adopted, the company admits.

The heart of the system is a single, star-shaped gas discharge tube similar to those used for street lighting, mounted beneath the centre of the car body. Light will be transmitted by fibres from each arm of the star to different parts of the car as needed. The car will no longer illuminate the road ahead by focusing the light from the headlamps into a beam. Instead, the car's Light Engine will illuminate a strip of plastic lens running across the front, lighting the entire swathe of the highway evenly.

SUPERCONDUCTING MOTOR

Reliance Electric Co in Cleveland, Ohio (US), has assembled a tiny 10 watt DC motor using a field coil made from a high temperature superconducting wire produced by scientists at Argonne National Laboratories. The wire can carry 100 amps per sq cm in a magnetic field of 150 Gauss.

The Argonne scientists produced the superconducting material (yttrium-barium-copper-oxide) as a powder which they mixed with an acrylic to form the wire. This was insulated and formed into a coil which was heated to remove the plastics, resulting in a rigid, insulated ceramic helix. In the prototype motor, the coil is bathed in a pool of liquid nitrogen with a conventional copper coil armature above it.

The 10 watt DC machine is too small to be of commercial value, but the firm hopes that it will enable the development of large AC and DC motors.

INTELLIGENT FIRE ALARM SYSTEM

An automated fire alarm system which could help reduce the rate of false alarms has been launched by British firm Autronica. The system recognises the patterns of smoke associated with different types of fire. Thus alarms due to smoking, draughts and detector pollution are prevented.

The control unit can discriminate between ordinary and smouldering fires. If the system detects a smouldering fire, it reduces the alarm threshold to speed up the response. It will not trigger an alarm if the smoke concentration rises rapidly and falls within a few seconds, as often occurs when a smoker lights up or smokes a cigarette under a detector.

IMPROVED PAPER DRYING

A new technique for drying paper and paper board has been developed by the US Institute of Paper Chemistry. The process, called impulse drying, offers not only considerable energy savings as compared with conventional paper drying but also substantial enhancement of the material properties of the sheet produced.

The characteristic features of impulse drying are the use of much higher pressures and temperatures than normally used. But the exposure time of the sheet to these intense conditions is short. Wet paper is brought into contact with a very hot metal roller, typically at 200° C - 375°C, under mounting pressures for between 5 and 100 milliseconds.

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GKW: LIFE AFTER DEATH

Guest Keen Williams is in all the wrong businesses. But the turnaround in 1989-90 gives it a fighting chance of survival

Five years ago, it looked like a dead duck. But last month, shareholders heard a faint quack. Guest Keen Williams' (GKW's) directors had announced a positive bottomline for 1989-90 and, wonder of wonders, a 15% dividend.

Is GKW back from the dead?

Not quite. For, it has few things going for it. GKW is heavily into products at the end of their lifecycles (bolts and nuts, galvanised fasteners, alloy steels); it has a parent (GKN plc of the UK) whose business (automotive engineering) has nothing to do with its own; and, above all, it's based in West Bengal, a state known for labour militancy and power problems.

Admits S.M. Batra, managing director and author of the recent turnaround: "GKW will continue to do well, but only if there is total employee commitment, and if there is sufficient power availability for our steelmaking operations at Howrah."

BATRA'S RESCUE ACT HAS WORKED — SO FAR

HEAD ABOVE WATER

The blips on the horizon do not, however, take anything away from Batra's achievements over the last 18 months. Aided by the sale of GKW's Kanhe (Maharashtra) automotive pressings unit, Batra bankrolled a voluntary separation scheme and cut borrowings to manageable levels. The steel-making business turned in a profit while high-tensile fasteners continue to make money. In the mild steel nuts and bolts business, GKW continues to be marginalised (marketshare: 5%) by the growth of the small sector, but overall the company has managed to bring its head above water once again.

Quite a sea change from January 1989, when GKW raised shutters after a 14-month lockout at its Andul Road works in Howrah. At that time, there was no telling whether the company would make it out of the woods. The net worth had eroded after huge losses in successive years (adding up to about Rs 15 crores in 1987), there was a massive cash crunch, and above all, the workforce was totally demoralised.

But 1989-90 demonstrated that there's life yet in GKW. The company's management now seems all set to give the final touches to a two-year reorganisation plan under which old businesses will be run profitably by sacrificing volumes for value, by improving labour productivity, and by single-mindedly cutting out loss-leaders.

TAKING AN INTEREST

Not surprisingly, overseas parent Guest Keen Nettlefolds (GKN), which had once almost written off its 47% stake in GKW as a dead investment, has started taking an interest once again. "I can state that there is no immediate desire to sell or opt out (of GKW)..." says Michael Borlenghi, business development director of GKN and GKW chairman (see interview, p.40).

The parent, of course, can't do much to help its ward for there are "few areas of commonality in the businesses of GKN and GKW," admits Borlenghi. The reason: GKN itself has totally changed character. From a "Midlands metal basher," it has metamorphosed into a world leader for innovative and sophisticated engineering products.

GKN's transformation entirely bypassed its Indian associate, which faced shrinking markets for its products because of high overheads and a huge and recalcitrant labour force. In the early eighties, even as GKN was concentrating on its own survival and transformation, GKW continued to be in the businesses it had pioneered in the fifties and sixties, but which were now maturing. Bolts and nuts, galvanised fasteners, electrical laminations and alloy steels were all crowded markets, and GKW, hamstrung by organisational problems, simply could not address the changed market. Losses continued to mount, new business opportunities could not be taken advantage of because of financial constraints and the company went into a tailspin.

At which point, enter Batra. Having put in many years with the company

before striking out on his own as a consultant in the mid-seventies, Batra re-entered the scene as CEO in December 1987. The company was possibly at its nadir: the Andul Road (Howrah) works had already been locked out for two months, the cash crunch was intense, and there was all-round uncertainty and depression. Given a brief to turn the company around, Batra's first decision was his most significant: Andul Road would be reopened only if viability was on the cards. Among other things, this meant administering a voluntary retirement scheme to axe 1,500 of the unit's 5,000-strong labour force.

Predictably, it was a long-drawn-out battle with the trade unions. But, when Andul Road did reopen in early 1989, it was on Batra's terms. The prolonged closure actually had a beneficial effect on the company's bottomline — the standing losses at Andul Road of Rs 90 lakhs a month were in fact less than the unit's operational losses of Rs 1.5 crores a month around that time.

TAMBE (ABOVE) & CURRAVALA ARE CHASING VALUE, NOT VOLUMES

Next, Batra and his top management team concentrated their energies on tackling the working capital crunch: outstandings of about Rs 5 crores were collected from customers, and the automotive pressings unit at Kanhe, Maharashtra, was sold to the Mahindras to make the company financially even-keeled.

FAMILY SILVER

To many observers, that seemed like selling the family silver, for Kanhe was the only new investment GKW had made in more than a decade. The idea in setting up the unit was to cash in on the growing automotive market, but the company's calculations went wrong. With Telco depending more on in-house facilities, and Bajaj Auto inexorably moving in a similar direction, Kanhe was virtually left with a single dominant customer — Mahindra & Mahindra.

The sale of Kanhe to the Mahindras, therefore, made a great deal of sense for GKW. The sale price of Rs 28 crores actually meant a capital profit of Rs 10.86 crores — and much needed cash to reduce borrowings and fund the voluntary separation scheme. Thus, after achieving an operational post-tax profit of Rs 2.33 crores in 1989-90, which together with the capital profit on the Kanhe sale totalled Rs 13.19 crores, the company managed to add nearly Rs 16 crores to net worth over December 1987. The balance-sheet looks that much rosier.

After the reopening of Andul Road, the payback period on the voluntary separation outgo (Rs 5 crores) had been calculated at only one-and-a-half years. The Kanhe sale, on the other hand, allowed discounted cash flow profits for nearly six years to be realised at a single stroke.

Once the financial numbers started looking up, Batra concentrated his energies on eliminating the loss-leaders and emphasising profit-making items. And the progress in this direction has been considerable. For one, steelmaking is in the black, thanks to the continuing production uptrend in the automotive sector. In some types of steel alloys, like leaded and sulphur steel, GKW continues to hold its own. Similarly, high-tensile fasteners continue to be profitable, but electrical laminations have not seen too good a year in 1989-90. In mild steel bolts and nuts, of course, the company has become a bit player, thanks largely to the discriminatory 21% excise duty on the organised sector.

GKW's current strategy is simple: to emphasise value rather than volumes, and to use the company's existing skills to concentrate on more profitable, newer items. Batra, and his top executives — Vijay Tambe (director, eastern region), Gopal Srinivasan (director, western region), and Jemi Curravala (director, finance) — are unanimous that blue-sky products are not quite on for these

GKW'S FINANCIAL PROFILE

(Rs crores)

	1987	1988-89*	1989-90**
Share capital	24.05	24.05	24.05
Reserves & surplus	31.96	30.29	47.96
Loan funds	44.58	48.40	22.58
Sales	215.56	240.68	235.95
Pre-tax profits/(loss)	(10.41)	(1.67)	14.34+
Tax	—	—	(1.15)
Net profit/(loss)	(10.41)	(1.67	13.19
Dividend	—	—	15%

*for 15 months
**provisional figures.
+includes profit on the sale of the Kanhe unit: Rs 10.86 crores
Source: Company.

"GKN WILL NOT OPT OUT NOW"

Michael Borlenghi, business development director at GKN plc and chairman of GKW, talked at length to BusinessWorld *during his recent trip to Bombay, when GKW's financial results for 1989-90 were made public. Excerpts:*

■ On how he saw GKW's problems over the last three years.

It was simply that a generational change was needed in management. The company's products were highly thought of, but some investment decisions had gone wrong, and there was an insufficient understanding of the market. On the other hand, the company was constrained financially, and found it difficult to apply sufficient resources in key areas. The first thing that was required was to get the balance-sheet right — the company was vastly overborrowed. The sale of our Kanhe (Maharashtra) unit was an ideal opportunity, and came about at the right time. That way, the Andul Road (near Calcutta) financial requirements could be met and our gearing improved substantially.

■ On whether GKN had neglected GKW in the past and on future intentions.

Well, GKN was a minority shareholder (47%) and did leave GKW much to itself. Moreover, the international company itself had to pass through a major phase of transition, exiting from mature products, and entering completely new ones. GKN really survived by the skin of its teeth — and it must be admitted that today there are very few areas of commonality in the businesses of GKN and GKW. Therefore, while technology cannot be given, marketing and trading help, especially in exports, can. This may take some time, but results will come. GKN is a conglomerate business, and will try to see that GKW does well and gives a fair return to its shareholders. I can state that there is no immediate desire to sell or "opt out" (of GKW), but the option of exiting from particular businesses will always be there.

■ On whether there is any intention to merge GKW and Invel Transmissions, which makes constant velocity joints (a pioneering GKN product), in India, and in which GKN holds 40%.

There is no such immediate intention. While constant velocity joints is GKN's core business today, in India, Invel is still in an embryonic stage and needs nurturing.

■ On the strengths of GKW, if any.

The first is the quality image, and good customer relations. Next is the advantage of having a portfolio of businesses — this is a definite advantage. For example, the profitability of our laminations division was important to keep the company afloat in 1987 and 1988. In 1989, the turnaround in steel has reduced losses.

■ On GKW's weaknesses.

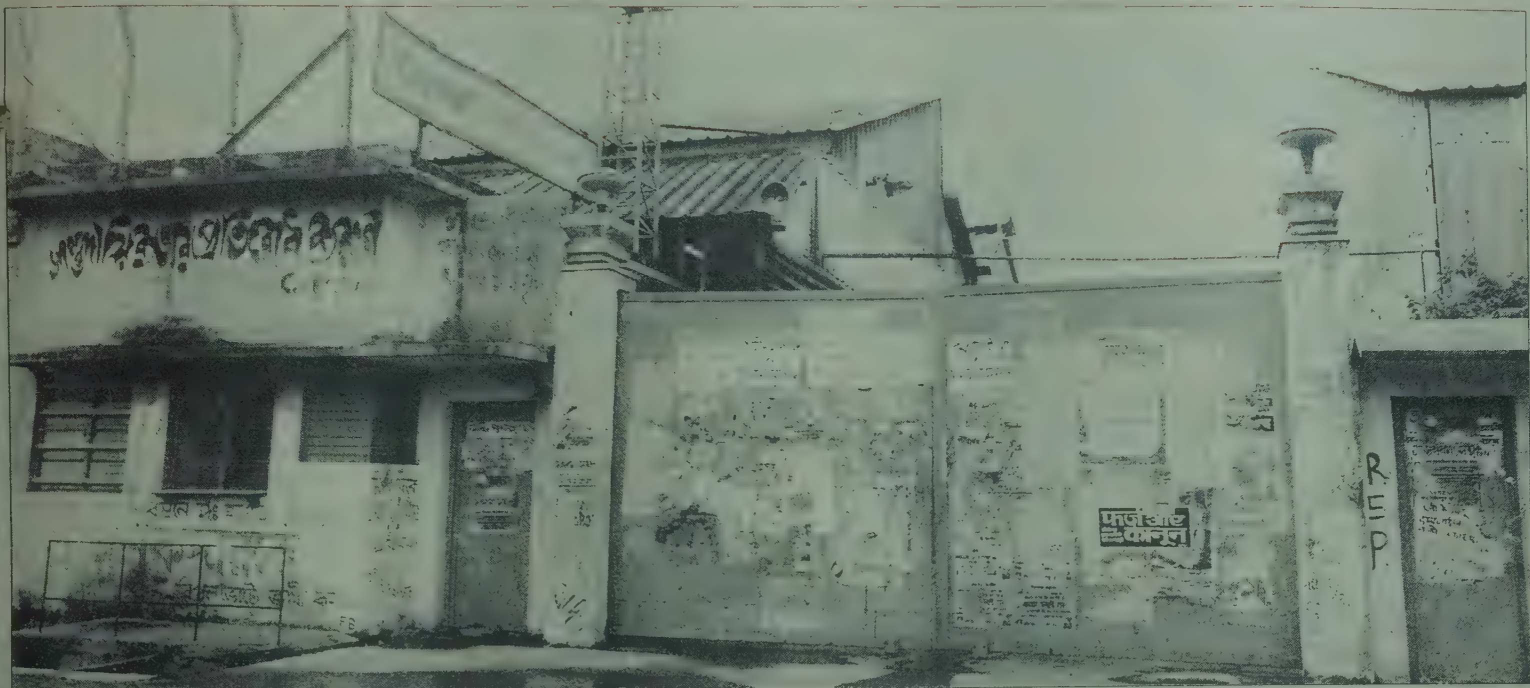
The problem is that we are in products at the mature end of their lifecycle. But this can also be a short-term advantage — not too much investment is needed, but the businesses can be cash generating, which can then be used to invest in newer lines. GKN has learnt this lesson in Europe. The only real block is a sufficient number of dedicated people — because of the company's recent history, there was a lack of capable managers at the middle level. But all that is bound to change now — people who had left us are coming back, and new people are being attracted.

■ On investments in the future.

Getting into unconnected products would be a recipe for disaster. The strategy must be to use existing strengths to get into new products with longer lifecycles. There are possibilities in the automotive area, in white goods, and in tooling. Also, exports can be a thrust area. In another six months, i.e. by the end of 1990, I expect we shall have a clearer idea of the new directions we shall take.

■ On whether the recent 15% dividend payout was justified by the results.

Today, the balance-sheet is quite strong. Thanks to the Kanhe sale, and the improved performance in 1989-90, liquidity and profitability are both good. We had skipped dividend for four successive years. The shareholders are justified in expecting a return on their investment this year.



THE CLOSED ANDUL ROAD UNIT: THE GATES HAVE OPENED TO A BETTER PERFORMANCE

would require huge investments. Their idea is to use existing resources better to hold up the bottomlines. "GKW is in the entire spectrum of engineering products. Steelmaking, hot and cold rolling, stamping and tooling — we have long years' experience in all of these. It is a matter of using these skills, adapting to a new market, installing new facilities at marginal extra cost, and getting out new products. We do not want to chase volumes, but actually chase profitability," is their collective refrain.

In the past, an insufficient awareness of the importance of quality over volume has plagued the steel division. In the mid-seventies, Rs 11 crores (at that time, a very large sum) was spent on expanding the steel division's capacity, which has to this day remained unutilised because of cut-throat competition from other electric arc furnace steelmakers. What Andul Road really needed was the continuous casting process, or vacuum arc degassing, which would have meant specialised products and markets — and higher margins. Thus, the steel division never paid back the money invested, and when new diversification opportunities emerged in the eighties, GKW was left standing.

PRIZE PRODUCTS

Constant velocity joints, an automotive engineering product pioneered by GKN in Europe, is today being manufactured in India by a separate company, Invel Transmissions, in which the UK company has a 40% equity stake. The Rs 18 crore project, originally intended to be a division of GKW till it was spun off into a new company, is expected to see a Rs 20 crore turnover in 1989-90, its first full working year. Similarly, propeller shafts and drive shafts, two other unique products from GKN, have gone to XLO-GWB Cardan Shafts, a company in which GKN's stake is 26%. With these prize products already farmed out, the prospects of GKN technological support to its largest associate company in India become severely limited.

NEW OPPORTUNITIES

Batra and Co are, therefore, hoping for new opportunities to spring up in the white goods sector. Pressings and tooling, too, are businesses in which GKW may spot chances. And since automotive manufacturers are keen on exports, special quality steels (cold extrusions and the like) could see demand boom. Comments Batra, "If Indian automotive companies work through strategic alliances with overseas companies aimed at the export market, we shall not be supplying bolts and nuts to them!"

Direct export by GKW is another area in which Batra sees long-term promise. For example, bright steel bars have a market in Europe, but the government's current 33% value-addition requirement for duty drawbacks is an impediment. Such illogicalities in export policy are, however, bound to sort themselves out over time.

A question remains about GKN's future intentions with regard to GKW: whether, in line with the demonstrated thinking in many other British companies, the intention is to disinvest and employ the money much more profitably elsewhere. In the past, there has been an ill-fated attempt to associate with the K.K. Birla group, which had taken up (and later returned) a 7% equity stake in GKW. Again, the Tatas were roped in to run the steel division in the mid-eighties, but they actually succeeded only in increasing losses. Possibly, Andul Road was too small a unit for Tisco to run.

Michael Borlenghi, chairman of GKW and GKN's eyes-and-ears on the Indian company's board, denies any immediate parental desire to sell. But given the right price, a distant shareholder could always be persuaded. And this is specially so since GKN's current operations have little in common with the mature businesses GKW is in.

GKW could thus be sold piecemeal over time. If that happens, it will be in no small measure due to the small turnaround engineered in 1989-90.

■ *Subrata Roy*

SESA GOA: FROM MINES TO MANUFACTURE

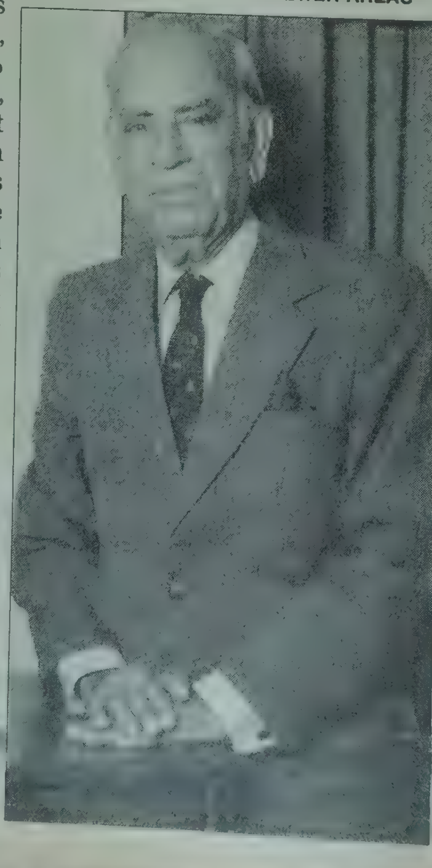
THE HEIGHT, SESA GOA'S GHQ IN PANAJI, GOA

When growth approaches a plateau, change often becomes a prophylaxis. For 30-year-old mining company Sesa Goa Ltd (SGL) that seems to be a philosophy to follow in letter and spirit. For starters, SGL has changed its corporate logo: from a staid, static one to an emblem which creates an impression of transition. And transition in SGL parlance means diversification.

After more than three decades of prospecting, mining and exporting iron ore, Sesa Goa is now readying for a plunge into manufacturing. And topping the list is the company's plan to set up a Rs 28 crore pig iron plant with a one lakh tonnes per annum capacity at Amona (Goa). Says SGL's chairman, Prakash Tandon: "We plan to diversify from iron ore exports to newer areas. Our ultimate goal is to have knowledge linkages with Instituto per la Ricostruzione Industriale (IRI) of Italy."

Scotched rumours. IRI is the world's largest public sector corporation and its steel arm Ilva Spa, which holds a 40% equity stake in SGL, is the third largest steel producer in the world. Early this year there were rumours of Ilva wanting to wash its hands off SGL, but the Italian company scotched them with its decision to support, both technologically and financially, SGL's urge to surge ahead.

TANDON IS GETTING INTO NEWER AREAS



But it's not that SGL was sitting pretty these past years. It was forced to diversify into allied areas when in the seventies and early eighties the iron ore industry hit a trough. The worldwide recession resulted in a decline in demand which coincided with abundant ore find in Brazil and Africa. The result: international prices slumped by a fourth. SGL, then being a 100% Fera company, could not even diversify into other fields. The need of the hour clearly was disinvestment.

In 1982, the company diluted its equity holding, freeing itself from the Fera net. Diversification came next. But diversify into what? Since the cost of transporting its own ore was fairly high, the logical step was to set up a shipbuilding division. That year itself, the company set up a barge manufacturing unit at Sirsaim (north Goa) with knowhow from Fincantieri Spa of Italy. Says SGL's director P.F.X. D'Lima: "It made better business sense for SGL to make its own barges for carrying iron ore." Today, the barge building unit has graduated into a medium-sized shipbuilding yard which has built deep-sea fishing vessels, coastal carriers for chemicals and cargo, ferries and dredgers besides barges. The yard is also equipped with integrated engineering facilities for the manufacture of ship ancillaries, container handling cranes and mining and beneficiation equipment.

A trim dozen. SGL, which had a bulky captive fleet of 27 barges some years ago, now has a trim fleet of 12 with large tonnage. "This brought the transportation costs down from Rs 28 per tonne of iron ore to Rs 8," says managing director Antonello Girardi. Till date, the shipbuilding division has built 20 vessels of various sizes for third parties. In 1988-89, the yard delivered six vessels valued at Rs 2.51 crores. "This year we are fairly well placed," says Girardi.

But diversification didn't stop with shipbuilding. Another growth area SGL identified was information technology. In 1988, the company kicked off a subsidiary by joining hands with Stet Spa, the electronics wing of IRI

group. Christened Sesa Seat Information Systems (in which Stet Spa has a 40% stake), the company published telephone directories for Pune, Baroda, Bhopal, Surat and the Yellow Pages for Kanpur. Besides, it has launched a western India trade directory which is a compendium of regional businesses covering Maharashtra, Gujarat, Goa and Madhya Pradesh.

But the Sesa subsidiary isn't sticking to directories. That probably isn't worth it. In fact, last year Sesa Seat incurred a loss of Rs 17.57 lakhs on a turnover of Rs 43 lakhs. Says a defensive D'Lima: "Building up a database for the directories cost us Rs 2 crores." Small wonder that Sesa Seat's now thinking of going places. A full-fledged software export house is now on the cards. And D'Lima expects to break even by 1990-91.

Minuscule turnover. But the turnover from information technology is minuscule when compared to the total turnover of SGL. The company's bread and butter comes from iron ore.

The iron ore market worldwide was depressed throughout the first half of the eighties. The real crunch came in the two years that followed. While shipments to Japan, one of its major customers, declined marginally, those to western Europe, where SGL sells on a C&F (cost and freight) basis, took a plunge because it could not bear the burden of bloated freight rates. Turnover fell by 25% from Rs 51.77 crores in 1986-87 to Rs 39.43 crores the following year. Dividend was clipped from 18% to 10% in the period (see table). Meanwhile, there emerged a new trend. Steel producers the world over, particularly in Japan and west Europe, began using pellets and lumpy ore. And that meant SGL had to upgrade its production capabilities in order to survive.

Considering the poor grade ore, particularly fines available in Goa and the demanding requirements of overseas customers, SGL set up beneficiation plants at Amona and Codli (both in Goa). Says Girardi: "The grade of the ore (mainly fines) available in Goa is around 57% which when beneficiated gets upgraded to around 62%. (Incidentally Hospet-Bellary in Karnataka has the finest grade of ore in India, with upwards of 85% iron content.)

SGL may have lost out on this count, but it managed to secure markets in Europe mainly by demonstrating the use of fines successfully in Ilva's steel plants.

Fluctuations. Today, SGL ships about 3.6 million tonnes of iron ore (including lumpy ore) — 12% of the country's exports of 30 million tonnes — to Japan, Holland, West Germany, Italy, Belgium, France, Romania and Pakistan. "We have a diverse set of markets. This should shield us from the fluctuations of one market," says Tandon.

And the Sesa strategy has worked. In 1988-89, turnover had bounced back to Rs 54.16 crores. But there may be other factors behind that too. "Now it's a boom period for iron ore. The prices (of both fines and lumpy ores) have picked up in the last two years and now stand at the 1982 price level — $15 per tonne. Besides, the devaluation of the rupee has also helped us," says Girardi gleefully.

In 1988-89, SGL improved its cash flow by cutting down production

SESA GOA LTD

The changes include a new corporate logo— from a staid,static one to an emblem creating an impression of transition

during the monsoon, which is a slack period for shipping and when product inventories build up. SGL's product being of a seasonal nature, there's only production and very little shipment. For the six months to 30 September 1989, SGL suffered a net loss of Rs 1.46 crores on sales of Rs 17.68 crores. In the subsequent six months to March 1990, post-tax profit stood at Rs 4.89 crores on a total income of Rs 57.22 crores. This figure is higher than that for the whole of 1988-89 (Rs 54.16 crores).

But this rosy picture could just as well be another passing phase in a market so dependent on external factors. Hence, SGL's move to shift from mining to manufacturing makes sense. The Rs 28 crore pig iron plant at Amona will be financed by a rights issue of 3.52 lakh convertible debentures of Rs 200 each. The plant will be put up with assistance from Tata-Korf and will be based on the Brazilian mini-blast furnace technology using coke instead of charcoal. The plant which is expected to go on stream in end-1991, will have a one lakh tpa capacity. In the second phase, the capacity will be doubled.

At present, there's a dearth of pig iron and most foundries have their backs to the wall. But a couple of years down the line the scenario could change: there are at least 25 companies waiting to plunge into pig iron manufacture and this is bound to create a surplus. "But how many will see the light of day is to be seen," retorts Girardi. Says Tandon: "The policy is not to just widen and diversify but to deepen. We'll take a linear route to finished products, probably special castings, and then move to steel."

That's saying quite a lot. Perhaps SGL plans to strike further when the iron is hot. For the present, Tandon and Girardi are cagey about the drawing board plans. Says Tandon: "Our ultimate goal is to make Sesa Goa a conglomerate."

In mid-1990, though, the goalpost is barely visible from Sesa Goa's boardroom.

■ *Roy Pinto*

SESA GOA: FINANCIAL HIGHLIGHTS

(Rs crores)

Year ending March	1985-86	1986-87	1987-88	1988-89	1989-90*
Net sales	35.48	39.91	29.53	42.38	61.85
Other income	9.19	11.86	9.89	11.77	13.05
Interest	1.83	2.36	2.98	2.89	3.17
Gross profit	6.16	6.00	3.07	3.43	7.62
Depreciation	0.98	1.56	2.07	2.12	2.25
Taxation	1.24	0.81	0.16	0.21	1.95
Net profit	3.94	3.63	0.85	1.10	3.43
Dividend (%)	18	18	10	14	+

*Unaudited +To be announced

STANDARD MOTORS: RIP?

The death-knell has been sounded for the company which served up the country's first luxury car. At a crucial hearing of the Board for Industrial and Financial Reconstruction (BIFR) in New Delhi on 26 June, an exasperated chairman, R. Ganapathy, effectively put the screws on Standard Motor Products of India Ltd (SMPL) by ordering its winding up. What aroused Ganapathy's ire was the unbending attitude of two of the three parties involved — A.C. Muthiah of Spic and the Tamil Nadu government.

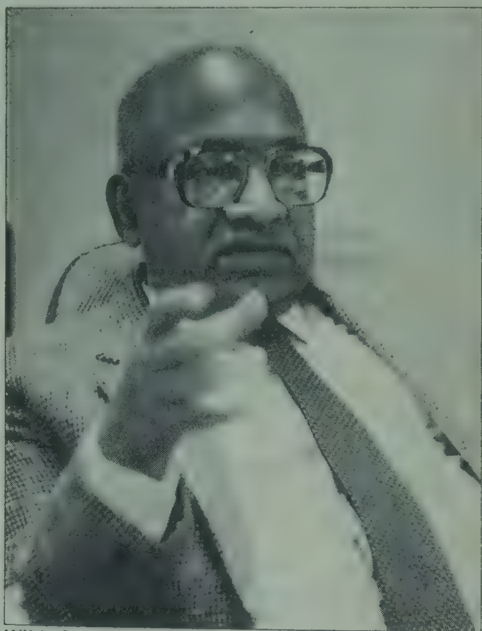
But first a little backtracking is warranted. Ever since Standard Motors was declared sick in late 1988, its cup of woe has been brimming over. The entry of Muthiah as a potential saviour didn't bring any cheer either. Ever since SMPL downed shutters on 7 February 1989, the arduous drone of BIFR hearings has been going on and on, but no solution has surfaced. "I don't understand why the Tamil Nadu government is dragging its feet over such a crucial issue," said an exasperated Ganapathy last month. At stake is the livelihood of nearly 3,000 workers and their families, and several thousand workers in various ancillaries which were supplying to SMPL.

Political reasons. Corporate observers see in the Tamil Nadu government's attitude a move to settle political scores with Muthiah, who is considered close to the Congress (I). The tussle has already cost Muthiah effective control at flagship company Spic.

That there is a hint of politics in all this can be mere conjecture, but the official apathy towards SMPL is inexplicable nevertheless. A.M. Gopu, leader of the All-India Trade Union Congress, which is the largest union in Standard Motors, has blamed "official lethargy" for the present deadlock. Says he: "If the government does not come forward to seize the initiative then they will be losing a premier industrial unit in the state and the general industrial climate in Tamil Nadu will receive a setback." To force the government's hand, Gopu went on a hunger strike in front of the Madras high court.

Reacting to the BIFR chairman's decision to issue a show-cause notice for winding up the company, the Tamil Nadu government issued a statement on 30 June that it was hunting for a new promoter in place of Muthiah, who is reluctant to put in the 20% (or Rs 4.13 crores) that he has to contribute to the Rs 23.65 crore rehabilitation package worked out by the Industrial Development Bank of India (IDBI).

Characteristically, the official statement laid the blame squarely at Muthiah's door for backing out from his earlier commitment to revive and run the factory following his inability to put in another Rs 2 crores. (Muthiah had already thrown in Rs 2 crores when he bought into SMPL on the invitation of the erstwhile management, led by C.V. Karthik Narayanan.)


WILL GANAPATHY CARRY OUT HIS THREAT?

New promoter. Muthiah has also expressed his intention to lie low or even withdraw from the company altogether if the Tamil Nadu government opts for a new promoter.

So far so good. But the BIFR had also placed the onus on the Tamil Nadu government to put in Rs 3.02 crores in the form of a loan to the company because of the more liberal compensation formula worked out by the state labour commissioner. (The IDBI package was more stringent.) The state government's representatives initially said *nyet*, as "in principle" the government did not take part in such revival schemes. But once it became clear that Ganapathy would seek to wind up the company, the government offered to chip in with the money and look for a new promoter.

Easier said than done. Promoters don't grow on trees, especially the type that can fork out upwards of Rs 8 crores at one go. Consider the facts:

- A new promoter will have to bring in at least Rs 5.3 crores, this being the total of Muthiah's proposed contribution and also an additional Rs 1 crore which the Indian Overseas Bank, the company's main banker, has said it is in no position to lend without Reserve Bank permission as it is already over-exposed.
- Any new promoter will also have to contend with a claim of £1.3 million which Austin Rover, SMPL's erstwhile collaborator, has slapped on the company for not lifting tools and dies.

The latest rumour doing the rounds is that a London-based non-resident Indian (NRI) industrialist has expressed interest in taking over the company. But, on the face of it, it appears unlikely as the BIFR show-cause notice has already begun doing the rounds.

If the state government does not come up with a new promoter, the BIFR will direct the Madras high court to appoint an official liquidator to assess the company's worth. Company sources estimate that this process may take years, with tiresome litigation accompanying it. Also, the DMK government risks being branded anti-labour if it acquiesces in the wind-up.

However, if SMPL is revived, the IDBI package envisages a production of 6,000 light commercial vehicles in the third year after startup. But, as a senior manager in an auto unit points out, "it is an ill-conceived scheme. There is no use merely producing vehicles. They also have to be sold."

He has a point. Despite the lower cost of Standard vehicles, with so many sleek Japanese tieup-produced LCVs already flooding the market, the price end of the market may be small and the ungainly Standard LCV may have little chances of success. So it is a Hobson's choice really.

■ *Vinay Kamath*

THE RELIANCE QUESTION-MARK

It didn't come as a bolt from the blue. Not nearly. When a hastily convened Larsen & Toubro board meeting decided to slash the size of its controversial mega debenture issue and cancel the proposed suppliers' credit to Dhirubhai Ambani's Reliance Industries Ltd (RIL) late last month, it didn't surprise many. For most people knew that the wily Ambani had it coming. Ever since Ambani resigned from the L&T board (on 19 April), the latest L&T move had been on the cards.

What was perhaps a bit of a surprise was the swiftness with which the decision was pushed through. The board meeting itself was held at a day's notice and agenda papers were circulated among directors just 10 minutes before it started. And although six of the 17 directors present opposed the decision, the board okayed the company's latest move: the mega issue would be pruned from a whopping Rs 820 crores to Rs 640 crores and the promised Rs 510 crore suppliers' credit to Reliance would be cancelled.

NO MONEY PROBLEMS FOR ANIL AMBANI

Risky proposition? As for the reasons, L&T's new chairman and former State Bank of India chief D.N. Ghosh had one ready. Said he: "Extending credit of the magnitude of Rs 500 crores to a single party is a risky proposition." Ghosh was right. For the suppliers' credit, an innovation which Ambani conceived of for funding his Rs 2,000 crore gas cracker complex at Hazira, had nothing as security. Except of course the trust of the controversial Ambanis.

But then not everyone agrees with Ghosh. Least of all the Ambanis. Says Anil Ambani, who's one of the three Ambani men still on L&T's board: "Suppliers' credit is an internationally accepted and widely used concept. Everybody uses it. And for L&T it would be a vital marketing tool." Being a full service turnkey projects company, L&T could have used a revolving suppliers' credit fund as a USP in the marketplace. "It could have become the only engineering company in India to also offer credit," rues Ambani. He's also quick in demolishing Ghosh's no-security complaint. Says he: "L&T was lending the money to RIL at a 16% rate of interest. When financial institutions advance term loans, do they ask for security?"

But with the cancellation of the suppliers' credit, what happens to the 3.2-lakh-tonne gas cracker up for implementation at Hazira? The cracker alone is estimated to cost around Rs 950 crores. Downstream projects, to come up over the next five years, would cost another Rs 1,000-2,000 crores. While some of these projects are coming up under Reliance Petrochemicals Ltd (RPL), for which money has already been raised, the cracker is another matter. Till 29 June, when the L&T board decided to cut down the size of the debenture issue, part funding of the project was to come from the Rs 510 crore suppliers' credit. Today, however, the scene has changed. And RIL has to go back to reworking its plans.

But the options are clear. And for Dhirubhai Ambani, raising money is the least of problems. Reliance's debt-equity ratio is an incredibly low 0.6:1 as against the more normal 3:1 ratio that petrochem companies are content with.

Says Anil Ambani: "We have a resource raising potential of Rs 2,500 crores." Though he's not telling how the money for the Hazira project is to be raised, he adds that "Reliance has a cash flow of Rs 250 crores per annum. Do you think it's going to be a problem for us?"

Grey areas. Perhaps not. But there are still some grey areas. Take the turnkey contract for the cracker. Lummus Crest of the US (one of the handful of global licence-holders for cracker technology) is reportedly having second thoughts about transferring knowhow to L&T, RIL's contractors. But Ambani refutes it: "There's no question of such a situation. The foreign collaboration for transfer of technology has been okayed months back and the government is a witness to that. Everything is in writing."

Nevertheless, there are other problems. The mere fact that the funding plan has to be reworked could mean further delays for Reliance which might lead to an overshooting of the 1992 target date for the cracker.

There's more to it. Even though L&T has been the main contractor for the project, things may change before long. Though the Ambanis hold a major stake (Anil Ambani says: "Over 30%,") in L&T, they've been unseated from the driver's seat. And to add insult to injury comes the latest L&T move to turn the screws on them.

All this may have a backlash effect, this time on L&T. Corporate observers feel Reliance may indeed go shopping afresh for a new contractor. For L&T that may mean loss of good, big business. For the Ambanis, would it mean revenge?

■ *Sanjoy Narayan*

KHAN HAS THROWN THE DOORS OPEN

SPOTLIGHT

POWER BECKONS

Prometheus unbound. When Union energy minister Arif Mohammed Khan, unveiled his proposals on 20 June to lure the private sector into the power sector, he may have felt like Hercules who freed chained Prometheus. Says he: "I am very hopeful that the private sector will take this opportunity to contribute to power development."

The only problem: Prometheus doesn't think so. "These norms are not going to take us very far," says Homi Sethna, chairman of the Tata Electric Companies, the country's largest private sector power generating combine. Adds M.L. Shishoo, chairman of distribution company Bombay Suburban Electric Supply (BSES): "A real thrust is needed for the power sector. Not everybody is going to rush in (to set up power plants)."

Khan is certain that there will be sufficient interest over time. "It's too early to talk about the response. Definite proposals take time."

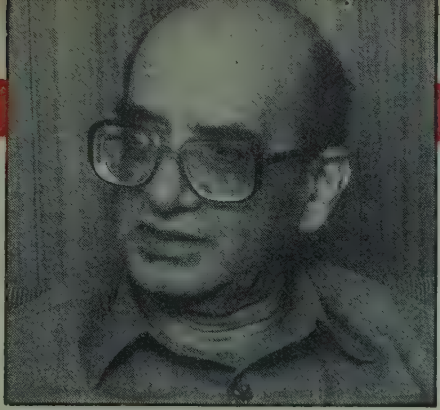
To be sure, not everybody can afford to rush in either. At current installation costs, power projects are cash guzzlers. S. Rajgopal, Union power secretary, estimates that only those industrialists who can contemplate a minimum outlay of Rs 700 crores can put in bids. And since over Rs 70 crores of that would have to be their own contributions, the potential shortlist is already down to the Ambanis, Tatas, Birlas and Goenkas. Admits Rajgopal: "We are not flooded with enquiries."

Nevertheless, the pulse is quickening. The stockmarkets have already hoisted power company shares over the moon, with Tata Power jumping 42% in two weeks, Tata Hydro 75%, CESC 20%, and BSES 29% (see box, p.48).

Besides, there is little doubt that old power plans are being dusted up for re-examination in the new policy milieu. And ongoing schemes will, no doubt, be pursued with greater vigour. Sample these proposals, which include some that have already been put up for clearance:

- The Tata Electric Companies (TEC), have an ambitious Rs 900 crore investment programme to be spread over the next four years. The old installations, adding up to 500 Mw, will be phased out with three new ones being put into place — 180 Mw in gas turbines, a 150 Mw peaking pumped storage scheme, and a 300 Mw plant at Khopoli, Maharashtra. Another Rs 130 crores will be spent on upgrading transmission links.
- Reliance Industries put up a twin proposal in 1988 for setting up two power stations — a combined cycle power plant of 750 Mw using gas as feedstock from Uran (north of Bombay) and a similar station of 600 Mw at Bharuch in Gujarat, using gas from the Gandhar fields.
- Century Textiles & Industries of the B.K. Birla group is interested in putting up a power station in Chittorgarh, Rajasthan. His son Aditya Birla is keen to expand Hindalco's captive power plant at Renusagar, Uttar Pradesh.
- CESC Ltd, of the Rama Prasad Goenka group, is actively pursuing a 500 Mw generating scheme at Budge Budge (near Calcutta) and a 500 Mw plant at Chandil in Bihar. "We are looking at a capital investment in CESC of the order of Rs 1,100 crores in the next four years," says Goenka.
- Even the Calcutta-based construction company, Martin Burn, controlled by the Fatehpurias, has power designs. K.N. Fatehpuria, the managing director of Martin Burn, has acquired a 35% interest in four moribund electric companies — Benares Electric Supply Co, Upper Jamna Electric Supply Co, Agra Electric Supply Co, and the UP Electric Supply Co. He is contemplating rechristening them as Martin Burn Power Supply Co. "We are going to apply right away (for power projects)," says Fatehpuria.
- Half-a-dozen proposals made by non-resident Indians (details not available) are lying with the Maharashtra government for setting up 500 Mw gas-based stations in the state. Says Utpal Mukhopadhyay,

WILL THE PRIVATE SECTOR TAKE UP THE PUBLIC SECTOR'S ROLE?



SHISHOO DEMURS

energy secretary to the government of Maharashtra: "Enquiries have come from the Thapars and Nippon Denro Ispat of the Mittals of Calcutta."

■ Raunaq Singh, the immediate past Ficci president, has also expressed his desire to go in for a 500 Mw plant. "We are interested in an optimally-sized plant and are working out the details," says Singh.

The fact, however, is that almost all the above proposals were made prior to 20 June and it remains to be seen whether the new policy initiative will bear fruit. Power secretary Rajgopal discloses that enquiries have come in from B.K. Birla, Manu Chhabria and R.P. Goenka, and that's about it. All the existing players are categorical that there's not going to be a flood tomorrow either.

The reason: money will be a problem for the private sector. And money was the reason the government was forced to open the gates anyway. Says energy minister Khan: "We are not going to the private sector for managerial or technical excellence. There is no dearth of excellent managers and engineers in the public sector. We have gone to the private sector just for one purpose — additionality of resources. And additionality does not mean money from the financial institutions."

Consequently, the highlight of the new policy is a liberalisation of the debt-equity ratio to 4:1 (vs the current 1:1). Besides, a minimum 60% of the outlay will have to come from non-institutional sources, including 11% from the promoters themselves. The message to private sector hopefuls: 'Beg, borrow or steal, but don't ask us for the money. We're broke.' Agrees P. Abraham, chairman of the Maharashtra State Electricity Board (MSEB): "With the resource crunch electricity boards and the government are facing, letting the private sector in was perhaps the only solution."

But the hope that the private sector can raise so much on its own may be misplaced. Effectively, it means that a greater proportion of the cash will have to be raised from the capital market, which is possible only if the returns look attractive. Thanks to the antiquated Indian Electricity Act of 1910 and the Electricity (Supply) Act of 1948 (ESA), power generating companies have, thus far, had to perforce rein in their dividend payouts, what with a 12% ceiling on return and mandatory plough-backs into various statutory reserves — tariff and dividend control reserves, contingencies reserve, development reserve, *et al.*

Little wonder then that power companies could not have dreamt of raising resources from the public earlier. Says Basant Kumar Birla: "With the unattractive returns, I do not think any new power generating company will evoke any investor interest (either)."

The move to raise the return to 15% may appear more attractive on paper, but it would be meaningless to forecast profitability on that basis without looking at other parameters like the load-mix of electricity com-

POWERFUL CHANGES

It is a hybrid product. The proposed amendments to the Electricity (Supply) Act 1948 embody several of the changes suggested by various committees and chambers of commerce from time to time. The following are the highlights:

■ The debt-equity ratio can rise up to 4:1. This means power generating companies can borrow four times their net worth. Currently, the ratio is pegged at 1:1.

■ The ceiling rate of return has been upscaled from 12% (2% above the Reserve Bank of India rate) to a more respectable 15%. This means power companies can bolster their bottomlines and reward shareholders better.

■ The actual interest costs incurred during the construction period can now be capitalised (i.e. treated not as a charge against profits but a carryforward and amortisable charge). Under the earlier stipulation, such capitalisation could not exceed 11% — 1% above the RBI rate. Such capitalisation will now be allowed for interest paid during the construction period in the case of all future expansions of existing power plants.

■ The lifespan of the licence for power generation has been extended from 20 years to 30. Subsequent expansions will be licensed 20 years at a time. Private licensees can now breathe easy: they don't need a nod under the Monopolies and Restrictive Trade Practices (MRTP) Act.

■ Promoters of power projects will have to raise a minimum of 60% of project costs from sources other than public financial institutions. They will personally have to chip in with a minimum of 11% from their own kitties. The rationale: ensuring mobilisation of additional resources.

■ Private sector power players will now have an option on the operational area: they can either function as independent generating companies on the lines of the National Thermal Power Corp (NTPC) or as partners with central and state governments, or any one of the state electricity boards (SEBs). The intention is to provide a flexible operational framework to small-timers.

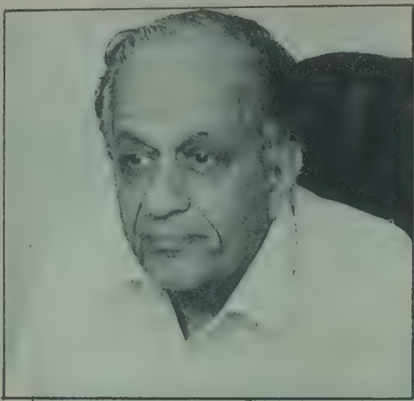
■ Generating companies can sell power on the basis of a standardised two-part tariff structure (i.e. a flexible tariff that is allowed to fluctuate to the extent of changes in variable costs such as cost of inputs, of operation and of maintenance). Such tariffs will be determined with reference to operational norms such as the optimal plant load factor (PLF) prescribed from time to time by the Central Electricity Authority (CEA) and the rate of depreciation notified by the central government. This could mean consumers may not have to bear excessive tariffs even as costs escalate.

■ Captive power units will be allowed to sell surplus power to SEBs on the basis of a contractual agreement and the same two-part power tariff.

A high-powered board is to be set up for providing single-point clearance of applications from foreign companies for setting up power plants. Licensing procedures are to be simplified. And a special cell in the department of power (DoP) will deal with power proposals from the private sector. The aim: to cut the red tape and set things moving on the fast track.

PLAYERS & PLANS

The whiff of glasnost that has hit the power sector hasn't exactly set hearts aflutter. Or, for that matter, generated high hopes. Existing players are certainly going ahead with their plans with greater gusto, but bigger plans will not make it to the drawing board till the impact of the liberalisation proposals is fully understood. Given below are the ongoing plans of existing power companies.



Tata Electric Companies (TEC): The three companies — Tata Power, Tata Hydro and Andhra Valley Power — together operate a 500 Mw thermal generating unit with an average plant load factor (PLF) of 79.15% and four older units in Trombay (near Bombay) with an average PLF of 50%. The installation of a second 500 Mw project is almost through, with the electro-chlorination plant for the production of chlorine from sea water being commissioned.

TATA ELECTRIC COMPANIES' TROMBAY THERMAL POWER STATION. INSET: SETHNA

The companies have received clearance from the Maharashtra government for a 150 Mw pumped storage unit at Bhira. The Rs 150 crore project will be part-financed by the World Bank and is expected to be through in four years' time. Says TEC chairman H.N. Sethna: "The project will provide economical peaking power to the grid during the day by utilising surplus thermal energy during night." The companies have also proposed to put up three more pumped storages — in Khopoli, Bhilpuri and another one at Bhira. "The Khopoli unit may be of 300 Mw and Bhilpuri of 90 Mw," says Sethna.

Perhaps the most prestigious of the projects under implementation is a 180 Mw combined cycle plant using gas turbines at Trombay. "The project will increase the energy conversion efficiency and reduce the cost of electricity," says Sethna. Now awaiting the go-ahead from the environment ministry, the project is expected to be completed within two years of clearance.

The stockmarkets are already rejoicing. Soon after the policy changes were announced, the shares of Tata companies began looking up. Tata Power moved up by Rs 55 to Rs 630 during a single trading session on 21 June and had climbed up to Rs 820 by 5 July. The scrips of Tata Hydro and Andhra Valley haven't stayed put either. Tata Hydro zipped up from Rs 400 to Rs 480 on 21 June and was fancied even at Rs 700 later (5 July). Andhra Valley notched up 95 points at Rs 500 on 21 June and is currently going for around Rs 700.

Bombay Suburban Electric Supply (BSES): The Bombay-based BSES could be the proverbial dark horse in the race for power. Primarily a distribution company with a 60-year track record, BSES has one solitary generation project: a 500 Mw station in Dahanu, north of Bombay. Says Mohan Lal Shishoo, chairman and managing director: "Our distribution licence expired in 1986, but we have been allowed to continue distribution to areas from Mahim northwards in Bombay on the condition that we put up a 500 Mw station." The project is awaiting environmental clearance.

The Rs 970 crore project is expected to be financed through an issue of convertible debentures aggregating Rs 100 crores, a Rs 500 crore loan from the World Bank, and other institutional loans. It is targeted for completion by end-1994.

Though Shishoo is not particularly upbeat about the proposed amendments to the ESA, he is all optimism about the market for the power his company will generate. Says he: "By 1994, the requirement of power would have gone up to 750 Mw in our distribution area. That means we would still have to buy power."

Good news, of course. The company's scrip too went up to Rs 57.50 (5 July) from Rs 44.50 (21 June).

The Ahmedabad Electricity Co (AEC): This low-profile company also has some power plans in its bag. It is setting up a 116 MW combined cycle gas-based power station at Vatwa, near Ahmedabad in Gujarat. The project cost is estimated at Rs 125 crores and the rupee term loan requirements are being financed by the financial institutions. Another $20 million (Rs 34 crores) loan is coming from the International Finance Corporation

(IFC), a first-of-its-kind in this country.

The project is expected to be completed by end-1990. Meanwhile, the company's licence has been extended from 2005 to 2015. The company's prime revenue earner is its power station at Sabarmati (effective capacity: 410 Mw).

The eighties saw an addition of 330 Mw to AEC's generating capacity. It hopes to add another 100 Mw to the gas-based station by end this year. Thanks to the phasing out of some old and uneconomic stations, their original capacities have been reduced. The company's installed capacity, as on 31 March 1989, was 450 Mw while the derated capacity was 410 Mw. The 110 Mw F station project was completed during 1988-89 ahead of schedule and within the budgeted outlay of Rs 127 crores.

Stockmarket punters who are currently hankering after the Tata Power scrip are picking up AEC as a second-line share. Thus, the scrip moved up from Rs 250 to Rs 330 by early July.

Calcutta Electric Supply Corp (CESC): This R. P. Goenka-controlled company is all set to expand. By end-1990, CESC expects to generate an additional 135 Mw, thanks to the expansion of its southern generating station in Calcutta. The company is also pursuing a 500 Mw generation project at Budge Budge, also near Calcutta.

In neighbouring Bihar, the company is looking at one 500 Mw power station at Chandil involving an outlay of Rs 1,100 crores. Says Goenka: "We have informed the Bihar state government that we are prepared to run one of their (the SEB's) generating stations at Muzaffarpur which is not being operated efficiently." (Current PLF: 20-30%) CESC's benefit will not be the fees but the incremental power it hopes to generate from the station.

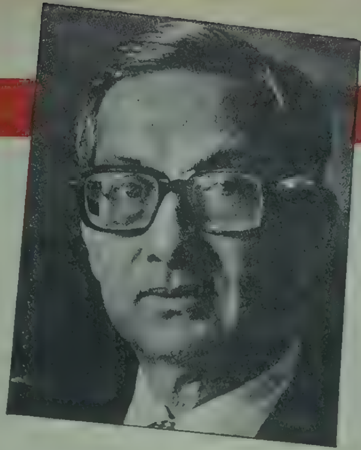
The company's outlook for the next four years is bright. The scrip, meanwhile, has moved up from Rs 36.50 (21 June) to Rs 44 (5 July).

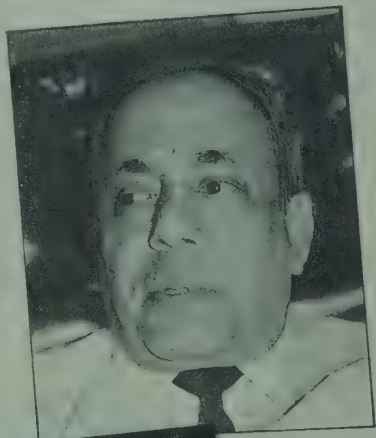
panies (the ratio of rural to industrial customers, etc). Says Shishoo of BSES: "The private sector may not like to take up a load which is heavily rural and agricultural." Reason: in the rural sector, demand fluctuates heavily and it is also more difficult to realise dues.

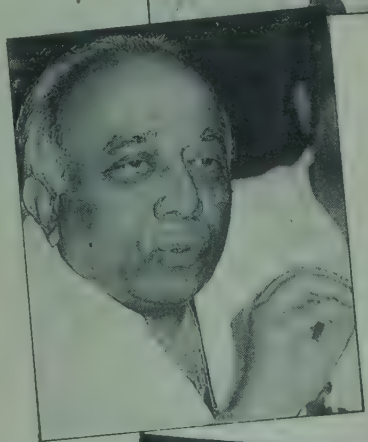
Profitability in the industry will, thus, largely hinge on the complexion of the load-mix, and a balanced rural and commercial load is what the private sector pines for. Moreover, returns are also influenced by the number of transmission and distribution lines a company is allowed to operate. "The (poor) finances of SEBs, which take up heavy agricultural loads, should be some indication," says Shishoo.

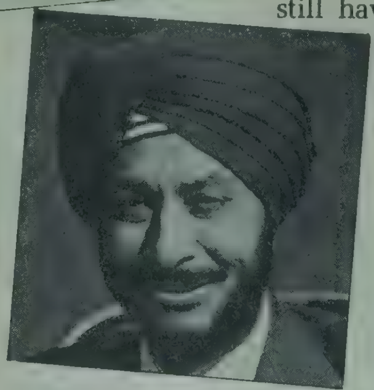
Yet another reason why returns are not adequate is the ridiculous depreciation norm power generating companies are subjected to. As per the provisions of the ESA, 90% of the original cost of a thermal plant has to be depreciated over 25 years, which works out to an effective 3.6% per annum. Says Shishoo: "A minimum 10% depreciation should have been allowed so that larger funds would have been available for self-financing." The World Bank norm is a 15-year payback period for power-generating assets. Agrees S.P. Manaktala, managing director of TEC: "While general assets are depreciated at 33.33% per annum, why should our boilers be written off at a pittance of 3.6%?"

Not everybody, though, is cribbing about inadequate returns. Says D.H. Pai Panandiker, secretary general of Ficci: "I see no reason why investors will not be enthused." On the face of it, it certainly seems so. Compared to the assured return of 12% in the fertiliser industry, 15% appears rosier. Moreover, as against the peaks-and-troughs demand scenario in fertiliser, the power sector is relatively more stable.









THOSE RARING TO GO: (IN DESCENDING ORDER) B.K. BIRLA, FATEHPURIA, R.P. GOENKA & RAUNAQ SINGH

But Shishoo and Sethna are not convinced. "The depreciation allowance apart, the lack of an assured load will make the specified return unattractive," says Sethna. Without an assured market and the mandatory supply of power to the national grid, the return of 15% sounds like hogwash. To date, generating companies have largely supplied power to SEBs, whose on-time payment record is dismal. Moreover, due to fluctuating loads, plants have to be shut down very often. Says Sethna: "We will not spend money to put up a station that has to be backed down. We are not very enthusiastic about the proposals as we still have to continue operating at the SEBs' pleasure."

If the private sector is apprehensive about SEBs, they have good reason to be. SEBs wield enormous clout and their powers are bestowed by law. The most dreaded of them is that an SEB can veto any power project proposal. "We still have to obtain certain clearances from SEBs, which are known to impose conditions such as minimum purchase of power from them even when our own load is very low," says K.M. Gherda, joint managing director of the TEC.

The Thapars should know better. Their proposal to put up a power station at Khaperkheda (Maharashtra) was negated by the MSEB on the ground that it overlapped with the latter's hinterland. An alternative site

"WE WILL CONSIDER PRIVATISATION"

In an exclusive interview to Businessworld, *S. Rajgopal, Union power secretary, talks about the what and the why of the new power policy. Excerpts:*

■ On the rationale behind the policy.
The policy aims to bridge the large gap in power generating capability and requirement. Our requirements are about 48,000 Mw during the eighth plan and 62,000 Mw during the ninth plan, even if the current shortfall is to be maintained at the same level. Thus it is mandatory that we add about 1 lakh Mw by 2000. Adding this capacity calls for two crucial inputs: large capital and excellent project implementation capability. Since we discovered that just 38,369 Mw could be added during the eighth plan, the only way out is to invite the private sector. Moreover, the government wants to concentrate on transmission and distribution projects, which have all along been ignored, and about Rs 30,000 crores are required for this during the eighth plan.

■ On the resource shortfall.
Achieving the plan target will require about Rs 1,28,000 crores and I do not think the government can mobilise more than Rs 80,000 crores. What better way to bridge this resource gap than to invite the private sector?

■ On the major change the policy will bring about.
The idea is that the private sector can set up generating companies like the National Thermal Power Corp (NTPC). Thus, it has been proposed that they can generate, sell power to the SEBs or get a distribution area allotted by the latter. The policy's highlight is that it lends flexibility — one can either become a licensee or a generating company.

■ On the pending private sector power proposals.
We have not been flooded with enquiries, as the capital outlay is huge. But we have received enquiries from R.P. Goenka, B.K. Birla and Manu Chhabria. However, anyone with the capability of investing a minimum of Rs 700 crores should now be interested.

■ On the fixation of tariff rates.
The SEBs will fix the rate. However, the tariff has to be based on the normative parameters of fuel and depreciation costs. Since both generating and distributing companies will be assured of a minimum return of 15%, private sector companies should be able to operate profitably.

■ On why SEBs should also do the distribution.
This is to ensure that surplus power in one grid is put into other grids. Power flows must be regulated in the interests of the national grid. However, I feel that distribution below the 11 kv level can be decentralised. While we welcome anyone to take up distribution, companies are choosy about the distribution area.

■ On the reactions of SEBs and the state governments.
The SEBs are very enthusiastic as they have resource constraints. The state governments too are keen that the private sector be allowed in. Our only concern is that the private sector should live up to the faith we have reposed in them. If this works out, we might even consider allowing private sector stakes in existing public sector power bodies, including the SEBs.

■ On sanction-worthy proposals.
All concrete proposals will be looked into. We will even consider privatising existing public sector units, such as the Khaperkhada units I and II. This will be in addition to units III and IV which will be allotted to the private sector.

■ On the import of power sets.
If imports are in the national interest, yes. Otherwise, let them use the Bhel sets which are very good. However, if Bhel is not able to deliver, it is a different question.

■ On whether generating companies will get a priority in the use of power.
There are various considerations to be taken into account before this is decided. However, one thing is certain: when a licence is given, the generating company has to supply power to the grid.

at Chandrapur was then suggested to the Thapars, who didn't seem to be keen on it. Now, the MSEB is going ahead with its World Bank-assisted 500 Mw Unit VII power station at the same site.

Overdues are another cause for worry. "The dues from SEBs to NTPC, Coal India and private suppliers are very high. They are the real culprits in distribution," says Sethna. The solution: have a distribution agency that is more efficient and prompt in clearing dues. Says Goenka: "As the passing on of collections to the generating companies on time is crucial for efficient operation, it would have been better had distribution been entrusted to the generating companies."

This is one argument the SEBs are not going to stand. Retorts Abraham of MSEB: "Our immediate solvency is excellent and so is that of the other boards." Solvency, however, is not the sole determinant of dues; it has more to do with intentions and cash flow management. In the case of the MSEB, which had to carry large dues itself from the ailing textiles industry and was ultimately compelled to write off a part of them, these could be additional reasons. But Abraham rejects the argument: "Forget what dues we have to collect; we can pay for the power we will buy."

NO REAL SOPS

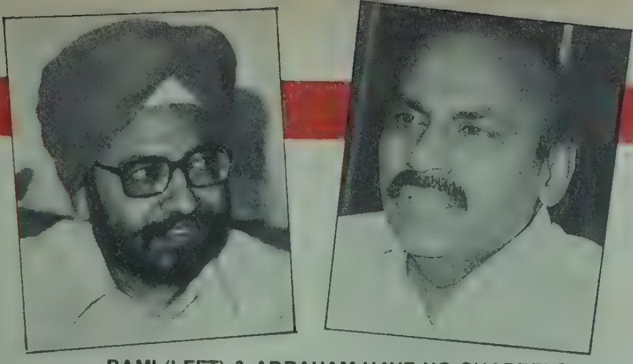
Even if the SEBs' intentions are honest, the private sector will not be much enthused as the new policy doesn't have concrete and real sops, in particular, the much-hoped-for permission to allow generating companies to distribute their power subject to an assured load-mix. Industrialists interested in putting up power plants may also have hoped for priority supplies to their units. The energy minister for Maharashtra, Padamsinh Patil, for one, supports the suggestion to let generating companies distribute, subject to a condition. "They will never be allowed to sell at rates higher than MSEB's," he says.

Patil's, however, may be a lonely voice, and the separation of distribution from generation will continue to bug the private sector. This separation holds the prospect of snarl-ups and may finally prove to be the ultimate stumbling block for private sector induction in a big way.

There are some in the public sector who believe that allowing private

players reasonable profitability will be a small price to pay for better service to consumers, improved quality and low voltage fluctuations. Says Manmohan Singh, managing director of the Bombay Electric Supply & Transport Undertaking, a public sector distribution agency serving the metropolis: "The private sector can measure up to these expectations."

Other public sector chiefs too assert that they are not inimical to the private sector's interests. Says Abraham of MSEB: "The private sector is welcome as SEBs are facing a resource crunch." The MSEB's fund requirements for the eighth plan period total Rs 7,300 crores and unless the private sector is lassoed in, it will be rough going for the board. Moreover, given the kind of funds needed, the private sector will not really be competing with public sector monoliths like the NTPC. Says P.S. Bami, chairman and managing director of NTPC: "We will be opting for larger projects, 2,000 Mw and above. I do not think that the private sector can put up anything larger than 500 Mw. They have a role there to play."



BAMI (LEFT) & ABRAHAM HAVE NO QUARRELS WITH THE PRIVATE SECTOR

If there is no overt public vs. private tussle on the cards, tariffs are a different issue altogether. As per the proposals, power will be sold on a two-part tariff. Which means the two broad cost components, fuel (50%) and interest and depreciation (50%), will determine the tariff. The gripes of the private sector about depreciation have led to fears that this two-part tariff will affect the farm sector more, since the SEBs may be forced to cater to them while the private sector gets a more profitable urban load. Says Maharashtra power secretary Mukhopadhyay: "This might lead to a situation wherein the private sector thrives and the SEBs go broke."

But all these fears, at least till concrete proposals are at hand, are in the realm of conjecture as the detailed policy guidelines are yet to be formulated. Says energy minister Khan: "The policy is evolving. This (the 20 June) announcement is not the final thing."

One interesting point in the policy as it stands today is that captive power units will be allowed to expand and sell power to the grid. The idea is that existing units can achieve economies of scale. Shishoo is not sure this will work. "As power generation is not their (central) business, captive units will not expand. Then, where is the question of economies of scale?" But, if the Birlas' keenness to expand the capacity of their Renusagar captive power plant is any indication, the scenario is not so bleak.

Will the private sector take the bait? Perhaps. But the government itself is not seeking instant *nirvana*, courtesy the private sector. Its aims are more modest. Says N. Ramji, joint power secretary in the Union government: "If the private sector adds even 2,000 Mw, it (the policy) will be a success." For the time being, it seems the government is only aiming for the treetops.

■ *A.H. Ghani*

(With reports from Srinivas Vijay, Sanjoy Narayan and Sujoy Gupta.)

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CREATING A MARKETING PLAN

(The Marketing Plan *by Robert Skacel; available at Spectrum Communications, New Delhi; Price: Rs 300.)*

Structured thinking in the area of marketing has long been the strength of multinationals. A strength derived from the number of briefing documents from the parent company. *The Marketing Plan* by Robert Skacel is, however, meant for small and medium size firms which do not have a marketing department and for new entrants into marketing.

In today's marketplace, technology is a freely available commodity. So anybody can manufacture a good mousetrap. But consumers do not necessarily beat a path to the door of the best mousetrap manufacturer. In addition, competition and discriminating consumers are clamouring for new models and variants more often than used to be earlier. And marketing these is also turning out to be crucial.

The Marketing Plan is a basic guide on how to go about marketing such products. It is organised under seven heads — fact base, problems and opportunities, objectives, strategy, budget, forecast and general information. The value of classifying a plan under any of these heads needs no explanation.

A marketing plan depends on the correct understanding of facts. Skacel opines that every fact that has any significant relevance to the marketing responsibility should be stated. Omitting any significant fact will endanger the logical planning process and possibly lead to a less-than-optimum-effectiveness plan. Since everything else flows from the fact base, it may well be the most important part of the entire marketing plan.

The fact base. Once the relevant facts are catalogued in the fact base, a complete listing of problems and opportunities will become evident. Identifying these is very much on the Leorned, Christtensen, Andrews and Guth model. When a problem exists, there also exists an opportunity... if only the opportunity to remove the obstacle presented by the problem.

The objectives of a marketing plan will emerge from the listing of problems and opportunities. Objectives should be specific and measurable. An ideal objective would identify the end result to be achieved by the plan within a specified time-frame. Objectives are in essence the core of a marketing plan since everything preceding leads up to the objectives and everything that follows aims at achieving them.

> **The book is an ideal companion for small and medium units not having a marketing department and for new entrants into selling**

Objectives establish desired end results while strategy outlines the specific marketing action needed to achieve those end results. Under the strategy head, one should address all questions pertaining to product line, quality, pricing, promotion, advertising, distribution, customer service, packaging, merchandising and sales activities. It is the creative deployment of these weapons which generally determines the effectiveness of one's action programmes. In addition, every sound marketing plan will have alternate strategies and propose a secondary programme for achieving the objectives if the primary plan appears to be straying off target.

Budget constraint. In small companies, budgets are a constraint and hence identification of costs in the marketing programme will help in the better utilisation of the money available. But a word of caution. Budgeting should not be substituted for planning or else the primary objective will shift to saving money rather than generating profits.

Forecasting is a tough proposition in marketing since almost any plan (save blunderous ones) can be defended with a reasonable amount of logic. A forecast provides top management with a complete and comprehensive picture of what can realistically be expected financially. And a regular review of forecasts against actual performance can help pinpoint additional problems or opportunities which may be causing plus or minus variances.

The steps involved in making a plan have been well explained in this book. However, for any plan to be effective, the plan must be a living document. One must constantly check performance against plan, add data, reports, pertinent notes and other information which may be of help either in working the current plan or looking ahead to the preparation of the next plan.

■ *D. Shivakumar*

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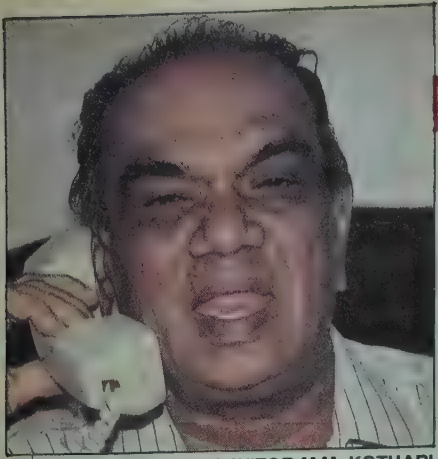


PAN PARAG PROGENITOR M.M. KOTHARI

BUSINESS FEATURE

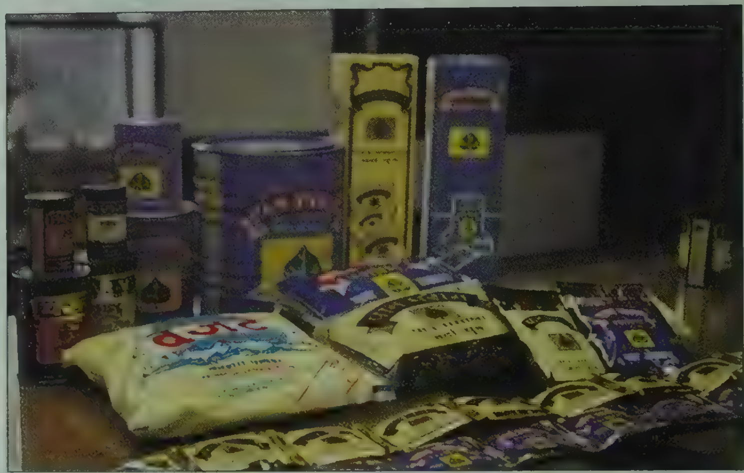
PAN PARAG'S MONEY MASALA

The money just pours in. Every hour brings in a lakh of rupees in business revenue to Mansukhlal Mahadevbhai Kothari. Every blink of the eye brings Rs 100 to the till. And the cash registers never stop ringing.

No. The 67-year-old Kanpur-based businessman doesn't own a currency printing press. But ownership of Pan Parag, the hottest selling pan masala in the world, is as good as a licence to print money. With a 60% share in the Rs 120 crore branded pan masala market (total Indian market: Rs 200 crores), Kothari should obviously be sitting pretty.

But he isn't. He is stuck between the horns of the classic success dilemma: to grow or not to grow. Success for him has generated mountains of cash — at last count, the estimate was reserves of Rs 20 crores on a capital base of just Rs 5 lakhs — and mountains cannot be denuded instantly. At least, not if the intention is to invest sensibly. MMK, as Kothari is affectionately called by close friends and associates, is acutely conscious of the imperatives of sensible growth. Says he: "We have come up from the bottom. We will grow slowly."

But the inexorable logic of success may not allow him to. With a Rs 65 crore turnover from pan masala in 1989-90 and another Rs 10 crore addition expected in the current financial year, the money has already begun burning a hole in Kothari's pockets.



THE KOTHARIS' PRODUCT RANGE

In partial response, flagship company Kothari Products Ltd diversified into detergents and washing cake in 1988. With very limited success. On the cards now is a restricted launch of a branded coconut oil, called Seven-Up.

PAN PARAG'S SECRET FORMULA BEING MIXED

Additionally, MMK is negotiating the takeover of a consumer products company, apparently with the idea of quickly expanding his consumer products domain. Forays further afield are not on: "We will always stick to the consumer products line," promises Kothari.

The decision to avoid putting all the eggs in the pan masala basket is unexceptionable. Though pan masala volumes have been growing in leaps and bounds since 1985 (see chart), year-on-year growth rates have started tapering off. Besides, the emergence of strong regional rivals and the growing scare about the health effects of pan masalas point to a levelling off of profitability in the long run. Diversification was the obvious answer.

The moot question: can Kothari succeed as well in his new chosen lines as in his bread-and-butter product of pan masala? The answer, perhaps, lies in the factors that contributed to the Pan Parag success masala. Its key ingredients have been:

■ **A little bit of luck.** When Kothari entered the pan masala market in 1973, he didn't hit the jackpot immediately. It was a painful existence in the beginning. For the first two years, sales were restricted to a meagre Rs 5 lakhs, not quite enough to make marketing history. But as luck would have it, another reigning brand — Pan Bahar — ran smack into managerial problems and went out of the market in 1978. Kothari hung on.

■ **A little bit of pluck.** There were many early birds in the fledgling pan masala market of the seventies and early eighties. But none of them built a brand. Kothari did. Right from the beginning he was clear that visibility was the key to success. And with the dawn of the television age, he splurged on advertising. Today, his ad budget is around Rs 2 crores annually. Boasts Kothari: "I challenge anyone to prove that Pan Parag is not the most visible consumer product in the

country."

■ **Lots of foresight.** Came the plastics revolution, and Kothari was the first to take the plunge. Earlier sold in unwieldy tins, once the four gm sachets made their presence felt, Pan Parag sales headed for the stratosphere. In 1984-85, turnover was a mere Rs 43 lakhs. The very next year, after sachets with the magic price of Re 1 were introduced, sales grew exponentially: an over 40-fold rise to Rs 19 crores in 1985-86. "We make and sell 50-60 crore pouches (sachets) every year," says Deepak Kothari (37), MMK's younger son.

FINAL PACKAGING OF PAN PARAG

■ **Monopsonistic sourcing.** As the country's biggest player in pan masalas, Kothari gets the best prices for his raw materials — mainly *katha* and *supari*. This effectively means that no other manufacturer can match his costs.

■ **Terms strictly cash.** Dealers have to pay cash on the nail for being supplied with Pan Parag, making Kothari's dealers the envy of other marketers who have to bribe, cajole and discount their way to shop shelves. This makes Kothari one of the most cash-rich manufacturers in the business.

His critics, however, feel they have reason to carp. For one, they say, Pan Parag's control of its dealers has less to do with the product than shady practices. Among them: ensuring a premium for the retailer over the list price of Pan Parag, which is anyway priced above the competition.

But, such practices are likely to have been more the result of, rather than a contributory factor to, Pan Parag's success. In fact, the most important contributory factor was the decision to market the stuff in Re 1 sachets. MMK was not the first to do so. Kanpur already had a small manufacturer doing just that, but he lacked the financial clout and advertising zip. The result: his product never took off.

Kothari's did. Even he, however, did not jump at the idea. The project germinated for a good 18 months before sprouting. Friends of Kothari say that he was probably influenced by the variety of products sold with similar packaging abroad. But once the decision to go into sachets was taken, the Kothari marketing genius came into play. After roping in the Delhi-based Flex Packaging Co to make the packets, the Kotharis concentrated on the next most important thing: advertising.

A large share of the credit for Pan Parag's takeoff must be given to Everest Advertising, which made the product a runaway success in the first year (1985) itself. The new pouches, launched on Deepak's birthday, 26 August, were backed up by high-profile advertising and celebrity endorsements (Raj Babbar, Shammi Kapoor).

It made marketing history. For, the ads sought to marry two elements that are often seen as incompatible: premium image for a volume product. Targeted at the middle class and youth, the advertising effectively conveyed the message of social acceptability and convenience to pan masala sold in sachets.

Vikram Kothari (39), the elder son of MMK, believes that there is something more to Pan Parag than just advertising. "Consumer acceptance is very crucial. And only quality can ensure that."

The Kotharis' close identification with the market helped. To this day, despite their multi-millionaire status, MMK and his sons pay unannounced visits to retailers in any town they are in. Customer complaints are directly monitored by them. Says Deepak: "We once received a complaint that in one pan masala pouch the masala was missing. We immediately sent him several pouches as complimentaries. Small customers are crucial to us. A *wah-wah* from them translates into 200 new customers by word-of-mouth publicity."

It is these little things that leave Pan Parag king in a market subsequently littered with the corpses of me-toos. Of course, Kothari's tough negotiating tactics on raw materials gets him the best prices in the industry. And that's no mean advantage in a volume business.

A HARD BARGAIN

Supari and *katha* form the two major raw materials for pan masala. After the Nepal *katha* market was virtually closed down last year due to the political impasse (now resolved), the purchasing area shifted to Uttar Pradesh, Bihar and Madhya Pradesh. Good quality *supari* is purchased from Karnataka. As the largest buyer of these products in the country, Kothari drives a hard bargain and has effective control of the wholesale market in them. Son Vikram also discounts the suggestion that cheap raw materials are crucial to Pan Parag's operations. "There is no compromise on (purchase) rates for there is none on quality."

THE KOTHARI DETERGENT

We've encourage
to take a little coffe
having a lot of stee
tubes and wires

As foreign exchange is a big crunc in India and earning hard currency throug exports a national priority, in 1983-84, a eighty year old pioneer decided to mov into a field in which it had no majo experience.

Six years later, Tata Steel is one o the country's largest exporters with majo markets in the USA, Japan, Australia an China and with significant entries int Saudi Arabia, Qatar, Egypt, Turkey, Wes Germany, Bangladesh, Taiwan, Indonesia Malaysia and other countries. And, in spit of importing a substantial amount o

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ecome a nett exporter. In 1988-89, Tata
teel won the prestigious EEPC shield.

The decade of 90s is the Decade of
xports at Tata Steel. And the pioneer is
preading all its expertise and experience
cross the seas to build a long term base for
ndian products — all over the world.

ata Steel Exports:

teel and teel-based ngineering roducts	- Wire rods, re-inforcing bars, structurals, tubes, wires, bars, cranes, rolls, bearings, etc.
aw Materials	- Chrome ore & concentrates, manganese ore, ferro-manganese, ferro-chrome, charge chrome, refractories, etc
mmodities	- Black pepper, coffee, black tiger shrimps

The Chief Marketing Manager, Exports, making a presentation to American buyers

TATA STEEL

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TATA STEEL

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A SPARTAN ENTREPRENEUR

Half a century ago, a 17-year-old lad from Narali village in Saurashtra (population: 500 then) boarded a train to Kanpur with little more than his travel ticket, a few rupees, and the will to succeed. Today, as head of a Rs 90 crore business empire, nobody should have any doubts about 67-year-old Mansukhlal Mahadevbhai Kothari's winning ways. His Pan Parag is the Nirma of the Rs 200 crore pan masala market.

Kothari himself is happy with the Nirma analogy. "Like Karsanbhai Patel of Nirma, I came up from the bottom," says he. A rags-to-riches entrepreneur, Kothari started concocting his pan masala in 1973, around the same time Patel's backyard operation in detergents looked set to grow out of its local confines.

Barely enough. But the parallels end here. By the early eighties, Patel had already done his David act and displaced Hindustan Lever as market leader. Kothari was still mixing his stuff and wondering whether there was a market at all. In 1983-84, his pan masalas grossed all of Rs 24 lakhs annually — barely enough to stay in business.

Today, Kothari grosses as much every day. How did he make it?

Answers Kothari: "I survived because I had the ultimate objective of succeeding against heavy odds. Hard work was a crucial factor." Quite. Despite Pan Parag's phenomenal success, Kothari and his two sons — Vikram and Deepak — continue to put in 12-hour days every day. "One of us always reaches the office at eight in the morning," adds Kothari.

If Kothari has no sophisticated vision to offer on his success formula, the reason is very simple: he has no formula. He learnt his tricks as he went along. Though he is guarded about his pre-Pan Parag dalliance with business, close friends say that he honed his money-making instincts while working for what is now called the Hindustan Construction Co.

Scouting around. The place was Avadi town in Tamil Nadu, where an English officer of the construction company put him in charge of the canteen, among other things. It was here that Kothari developed his purchasing skills, skills that were to contribute in no small measure to the Pan Parag success decades later. His work at the canteen involved scouting around for the best bargains, and Kothari discovered soon enough that it was better to buy in bulk from the villages around Avadi rather than the town itself. Today a key reason why Pan Parag scores over its rivals is Kothari's ability to source his raw materials cheaply.

But Kothari had higher ambitions than being a canteen supplier. Soon he was back at Kanpur hawking a wide variety of articles — newspapers, gum, biscuits, bar soap and hair oil, among other things. Setting up home base in a tiny Kanpur house, Kothari's 12-hour workdays saw him trundling along the city's arterial Mall Road vending his wares.

Friends aver that a major influence in Kothari's life has been his wife Shanta — Shantaben to the inner circle — but not because she hailed from a well-to-do family. (Kothari never passed the hat around to his in-laws ever for help in his business ventures.) She takes a keen interest in the business and has played a critical role in it's growth.

She was, of course, the person who obtained the important formula for Pan Parag from the landlord, but even otherwise her advice is seldom overlooked. For example, one advertising campaign for Pan Parag was scrapped on her insistence because she felt its positioning wasn't quite right. The ad was redone — and it clicked.

Close-knit company. Affectionately referred to as "mummy" by workers in Kothari's outfit, Shantaben personifies the close-knit family company.

As for Kothari himself, his management philosophy is perhaps closer to the Japanese in style and substance than any western model. Not for him the trappings of office, never mind that he heads a Rs 90 crore empire. His room is simple, if not spartan. His sons may buzz around in a Mercedes, but for Kothari a Maruti will do. And till sometime back, he was equally happy scooting around in a scooter.

He has no time for hobbies, but he manages to make time for his grandchildren. He maintains a close rapport with his extended family — his employees — and frequent informal shopfloor chats are much in keeping with the man.

His approach to business is elementary: keep overheads low and generate volumes for profits. As far as the moneyspining Pan Parag formula is concerned, it's a closely guarded secret. Only the family knows and the key ingredients in the mix are poured into the concoction at night.

But at 67, Kothari is beginning to show signs of the social conscience that afflicts businessmen who've made pots of money. Having failed in his own life to get beyond Class II, Kothari has floated a trust to help deserving students with scholarships.

Even so, business is his undying passion.

DEEPAK KOTHARI IS RARING TO GO

Growers and middlemen, however, have little chance for Kothari virtually operates a buffer stock all by himself: at any point of time, he has at least four to six months' requirements in his godowns. MMK says this is largely because the "availability of good quality raw materials thorughout the year is a problem," but there is no denying the clout such a stock gives him in the marketplace.

The monopsony muscle at the buying end is matched by the monopoly reach at the distribution end. This is where the Kotharis have the decisive edge over the competition. With a dealer network of around 1,200 in 550 towns and cities, Pan Parag is everywhere.

The basic marketing objective is not to create a limited set of dealers. In fact, insiders reveal that no individual dealer has a monopoly of too large an area of operation. But, at the same time, dealers are ensured a higher margin than the competition. This is recovered ultimately from the consumer in terms of the premium that he pays. Trade sources suggest that the Kotharis keep a firm grip on the supply of products in the market so that there is no glut.

If all this makes the Kotharis look like tough cookies, it is not quite true. For, in reality, dealers get a lot of elbow room. Surprisingly enough, they are not given any sales targets. On the contrary, it is the dealers who set their own monthly targets and inform the company about their supply needs.

Nevertheless, once a target is set, it is the dealer's problem to see that it is met. Says a north India-based dealer: "MMK is a very shrewd person. He makes you work for these targets."

The bottomline is that cash flow is enormous, especially since dealers are not fed on credit sales.

Such financial sense is backed by a Karsanbhai Patel-type homegrown marketing wisdom: don't launch a product till the market is ready for it. Patel's Nirma detergent cake was launched nationally only after the market for it had been established with low-key local launches.

Ditto for Kothari. He is no believer in the *a la carte* philosophy of marketing by launching several products simultaneously. For example, it was only after the pouches were well entrenched in the market that the *zarda* (tobacco) variety of Pan Parag was introduced.

Flush with success at home, Kothari has set out to conquer markets abroad. Initial forays have seen Pan Parag being marketed in about 10 countries in Europe, the Middle East, the US, Japan, Australia and south-east Asia. "In 1989-90, we exported about Rs 5 crores worth to these countries," discloses Kothari.

But even as MMK seeks laurels abroad, he will have to reckon with competitors who are eyeing his domestic patch. Although he has seen off many of them in the recent past, MMK still remains vulnerable to strong regional rivals, who are all now riding the pouches bandwagon. Admits MMK: "The competition is intense.There are at least 150 pan masala plants (in north India alone)." Among the rivals who are giving Pan Parag a little run for its money are Rajnigandha, Santoor and Khush Bahar.

Endowed with the same advantages as Kothari — small sector operations with low overheads — these challengers have flooded the market with a variety of flavours. The obvious strategy: to segment the market by taste and generate bigger volumes overall.

VIKRAM KOTHARI IS GETTING CLOSE TO THE CUSTOMER

The strategy may or may not work, but as market leader by far, Kothari can't ignore them. Nor can he ignore the rising cacophony of noises about pan masala's possible adverse health effects. Consumer organisations have alleged that some of the pan masala manufacturers use a cancer-causing compound called gambier. MMK denies it. Interestingly, he argues that all the publicity about the health issue has helped Pan Parag: it has increased the visibility of the product.

The claims notwithstand-

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SIFTING OF SUPARI AT PAN PARAG FACTORY

ing, thoughts of reducing the overdependence on Pan Parag to bring in the gravy have led Kothari towards diversification into unrelated products. The first thrust into the highly competitive detergent soap market was marked by slow takeoff. With no USP for his product save a downmarket brandname like Budget, MMK made little headway against the likes of heavyweights like Nirma and Hindustan Lever's Wheel. MMK, however, is unwilling to write off Budget as a loser. Already, he says, sales have been better in the second year. The slow growth in the first year was not unexpected, but he admits that a different product needs a different strategy.

Son Deepak discloses that detergent production jumped up from 1988's 10 tonnes per day (tpd) level to 50 tpd the next year. If volumes improve this year, Budget detergent powder and cake may soon be ready for advertising on the electronic media. Meanwhile, plans are afoot to give Budget a wider geographical reach: from Uttar Pradesh and Bihar, the distribution will be spread in phases to other areas. The idea is not to compete head-on with Nirma and Wheel, but to outflank them in the small towns and remote villages using the existing Pan Parag network.

Nevertheless, MMK has his work cut out for him. Others too have latched on to the idea and Kanpur is fast emerging as a serious rival to Ahmedabad as the detergent capital of India.

Amidst all this change, the biggest change is perhaps the least noticed: the one happening within the Kothari family itself. The growth of the business, currently run more by Kothari's sons Vikram and Deepak than by MMK, will depend on how the three overcome their own differences in approach to expansion and growth.

The little differences have much to do with the persons themselves. MMK came up the hard way, and so frugality and conservatism mark his approach to business decision-making. Elder son Vikram, who discontinued studies to help his father during a lean phase in the business, would like a slow and steady approach to diversification. Only Deepak, who was educated in Bombay and developed an open approach to emerging opportunities, is gung-ho about quick change. Not for him the staid conservativism: "If you want to grow, your lifestyle has to change," says he.

Inside the family, the debates are endless. Should the company raise money from the capital market or remain closely held? Should one hire professional managers or stick to the old reliables? Should one diversify fast by borrowing from the institutions or stick to the safer path of internally generated resources?

Currently operating in the small sector, the Kotharis are cocooned in its anonymity, away from the peering eyes of the financial institutions, the government and the investing public. "What do we do with public money?" asks MMK, apparently referring to the group's cash pile.But his sons and friends do not rule out raising money from outside if the situation so warrants.

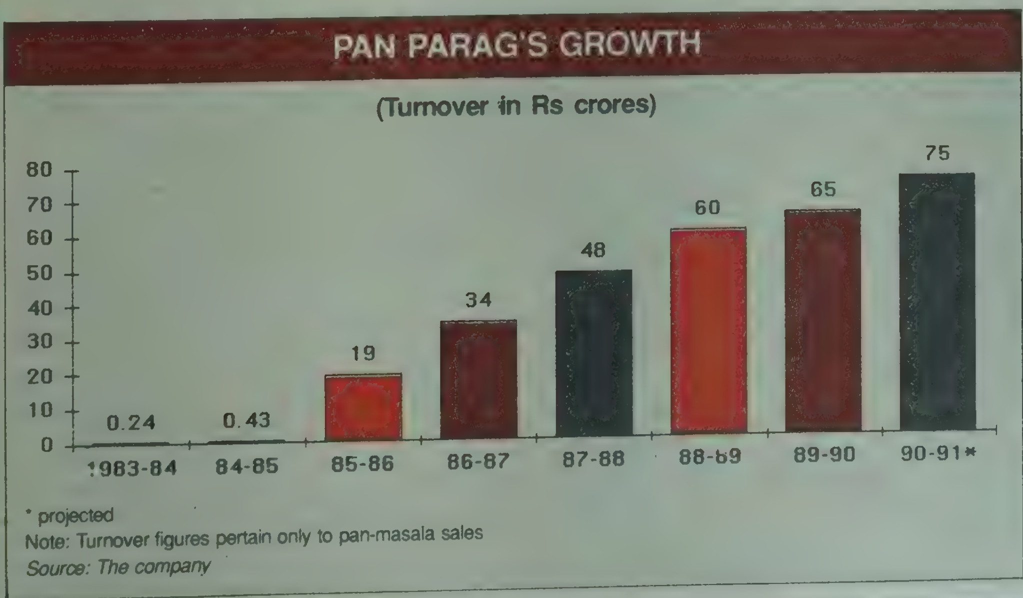
With at least four known sister companies apart from Kothari Products Ltd operating under the group banner, turnover is set to record a collective Rs 90-100 crores by next March, according to Vikram Kothari. As it metamorphoses into a multi-product combine, it will no longer be possible to keep all key decision-making within the family. And that means the induction of professionals. Says Deepak Kothari, "Now that we have entered non-flavoured products, we have to look at MBA executives and change our attitudes."

MMK disagrees vehemently: "My employees should not look at the clock. Which MBA would be willing to do that?"

Thus far, the Kotharis have been making do with a lean outfit, depending on dealers to push their products and keeping overheads phenomenally low Full-time employees would not exceed 80, while another 300-350 employees could be termed contract labourers at the Kothari factories in Kanpur and Delhi's outskirts.

Can Kothari meet the challenge of change? Whether MMK likes it or not, the inevitable pull of diversification bankrolled by Pan Parag's money machine will test his entrepreneurial mettle sooner rather than later.

■ *George Skaria*



* projected
Note: Turnover figures pertain only to pan-masala sales
Source: The company

THE MORE, THE MERRIER

After years of spurning membership of the International Air Transport Association (IATA), five Asian airlines have decided to join the club — and may try to make membership possible for another.

Singapore Airlines (SIA), Malaysia Airlines (MAS), Thai Airways International, Hongkong's Cathay Pacific Airways and Royal Brunei Airlines joined IATA on 1 July, giving the civil aviation body virtually a clean sweep of all major airlines worldwide.

Still out in the cold are Taiwan's China Air Lines (CAL) and two US-based carriers, Northwest Airlines — understood to be considering membership — and Delta Air Lines.

Gradual change. CAL lost its IATA membership in the early seventies because the body's rules require an airline's home country to be a member of the International Civil Aviation Organisation, a UN specialist agency. Taiwan, and thus CAL, were dropped after the UN recognised the People's Republic of China.

SIA, MAS, Cathay and Thai have been largely responsible for IATA's gradual change from being a fare-fixing cartel to a provider of services to help airline operations. IATA in earlier years was notorious for trying to impose fare levels that guaranteed its members a profit, and for regulating onboard services in an attempt to enforce common standards on international flights.

The four major Asian carriers went their own way, however, offering free drinks (now standard on most airlines, except some in the US) and better meals. They also tailored more options in their fare structures, such as discounts for limited stays and other benefits for passengers.

This, plus occasional rebellions among IATA's members, forced other airlines to match Asian levels of service on Far Eastern routes — and eventually on nearly all routes. IATA's strictures on fares and the size of sandwiches were increasingly ignored. Finally, as its members broke ranks, IATA bowed to pressure for change.

Usefulness. Today, the group emphasises its usefulness as a representative of the industry in talks with governments, and as a source of professional and technical advice. Its current president is Mohammed Suparno, president-director of Garuda Indonesia.

The new Asian members will make an early attempt to persuade IATA to change its articles of association so that CAL may be allowed back into the fold. This would require a simple majority in a vote at IATA's annual general meeting later this year.

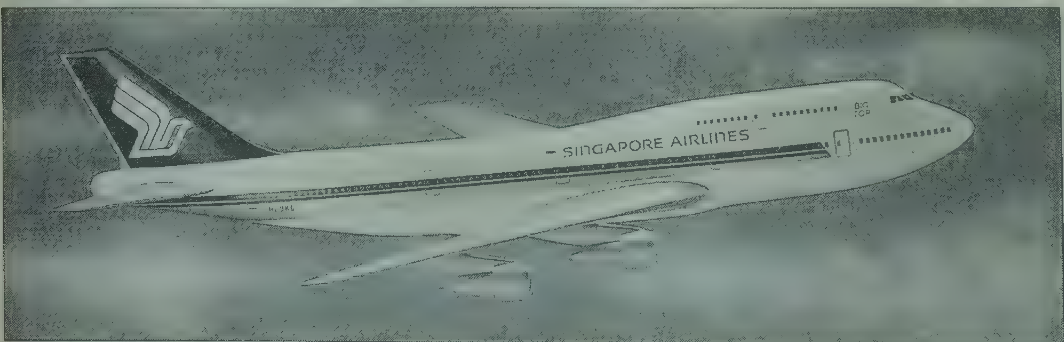
All the new members already subscribe to various IATA services that are essential to efficient operations. Examples are the group's interline and clearing-house agreements: these enable journeys on several airlines to be itemised on a single ticket issued by one carrier, which later reconciles accounts with the other airlines involved.

The Asian airlines also value the respectability that comes with IATA's *imprimatur.* Most of them are closely involved in developing Abacus, the Asian airline computer reservation system. Being part of the larger club may help them overcome any resistance that IATA travel agents might have towards using the new booking system.

Seeking solutions. IATA is, meanwhile, seeking solutions to airport congestion worldwide, and has set up an action group to study the problem, first in Europe, then in Asia. Cathay is believed to want to join this group.

The new Asian members will bring IATA's total membership to about 190 airlines. The body has about 80 members with both trade-association and tariff-coordination rights, 70 which are trade-association members only and about 35 (mostly domestic carriers) which are associate members. About 300 other carriers subscribe to IATA services but are not members.

Thai is seeking full membership in both categories, but the other airlines will participate in trade-association matters while attending tariff conferences as observers without voting rights. That will give them the advantage of discovering what their competitors are thinking — without being even morally bound to fly the same course. — *Far Eastern Economic Review.*



SINGAPORE AIRLINES JOINS THE CLUB

IACOCCA'S NEW CHALLENGE

Lee Iacocca is facing a lonely battle to revive America's third-biggest carmaker. After a series of management defections, heir apparent Gerald Greenwald resigned as vice-chairman on 30 May to head an employee buyout of United Airlines. A week later Bennett Bidwell, a 63-year-old top executive, said he planned to retire early next year. Then on 12 June came another blow: a planned $500 million (Rs 875 crores) joint venture with France's Renault to produce a new jeep-type vehicle was abandoned. With sales and profits squeezed and Moody's, a credit-rating agency, considering downgrading about $22 billion of the company's debt, Chrysler's future looks bleak. It might not survive on its own.

Iacocca bristles with indignation at any comparison with 1979, when the company was saved from bankruptcy by a $1.2 billion loan guarantee from the government. To calm investors' fears, Iacocca says he will stay on after his contract expires in 1991, when he will be 67. Restoring the company's fortunes will be tough. Chrysler has been talking to Dollar Rent-a-Car, America's fifth-largest car-rental company. A stake in the firm would give Chrysler a large captive customer, but

do little to solve the carmaker's more fundamental problems.

Lost momentum. Chrysler lost momentum after its foolish purchase in 1987 of American Motors from Renault. The acquisition increased its cost sharply. Jim Harbour, a Detroit-based manufacturing consultant, has calculated that in 1987 Chrysler's pre-tax profit per vehicle was \$779, or a margin of 7%. Last year it shrank to only \$263 per vehicle, or 2%. On top of that, the company is having to discount heavily in a declining market. Its innovative minivans face growing competition from new products launched by its rivals.

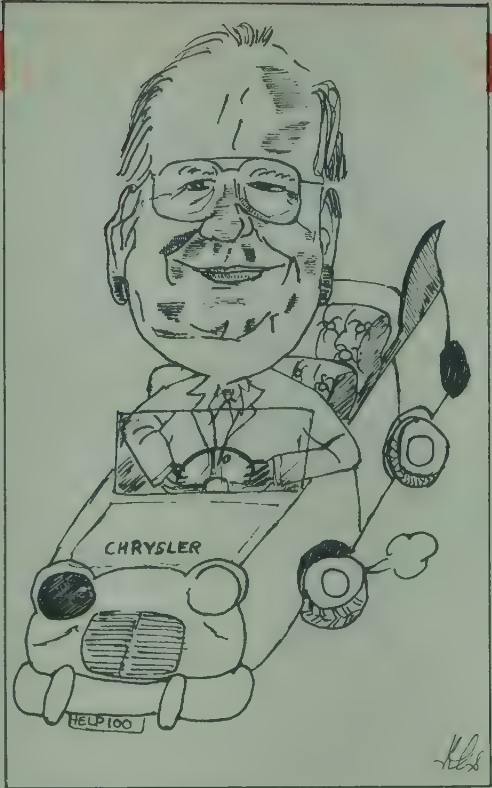
Iacocca insists Chrysler still has plenty of fight left in it. He says the company is on target to cut \$1.5 billion out of its fixed costs, and he has begun an aggressive marketing campaign, storming across America to bend the ears of potential customers. Chrysler's cars, claims the perpetually buoyant Iacocca, now represent better value and quality than those pouring out of Japanese-owned plants in America.

But some of Chrysler's designs are old. Replacements for its mainstream K-series of cars may not be launched until 1992. In recent months the company's share of the American car market has fallen below 8%, compared with its 10% share last year.

Souring partnerships. Its relationship with Renault is not the only partnership to have soured. Unlike Ford, which is thriving partly due to its close links with Japan's Mazda, Chrysler has reduced its stake in its Japanese partner, Mitsubishi Motors, from 22% to 12%. The Mitsubishi group is now exploring future collaboration with West Germany's Daimler-Benz, a sure sign that Mitsubishi is disenchanted with Chrysler.

General Motors and Ford both have profitable European operations to tide them over a slump in the American market. Chrysler does not. Its joint venture with Renault was part of a plan to re-enter the European market, from which it withdrew in the late seventies. In Paris it is suggested that a dispute over distribution rights and fears about Chrysler's long-term future killed the deal.

The cancellation of the jeep project surprised industry analysts because the market for such vehicles is profitable and expanding. Cesare



IACOCCA HAS A TOUGH JOB

Romiti, the managing director of Italy's Fiat group, wants to broaden his company's product range precisely because he reckons that in the nineties an increasing number of European consumers will switch from traditional cars to leisure and sports vehicles. Because Fiat's sporty Alfa Romeo range is being marketed in America by Chrysler, speculation is growing in Detroit that Fiat will yet step in to save Chrysler and allow Iacocca, a *simpatico* Italian-American hero, to retire gracefully, if not quite as triumphantly as he had once hoped. — *The Economist.*

FIGHTING OVER A PLASTIC EMPIRE

The credit-card business in America is turning nasty. For the past decade it has been a clubby playground, where top banks such as Citicorp and Chase Manhattan have enjoyed bumper profits. Last year they raked in a mighty \$3 billion (Rs 5,190 crores; \$1 = Rs 17.30) from the business. Banks should enjoy these good times while they can. A tough bunch of non-bank issuers, led by American Telephone and Telegraph (AT&T), America's biggest telephone company, is determined to snatch their riches away.

Americans have balances of about \$150 billion on their general-use credit cards. The market is dominated by bank-issued Mastercard and Visa cards. These account for around 90% of all cards issued. Just how dependent some of America's top banks have become on credit cards is startling. They are the most profitable of the banks' wares, with a return on equity of more than 30% and a return on assets of 3%. Banks do well to earn a third of that on most other loans.

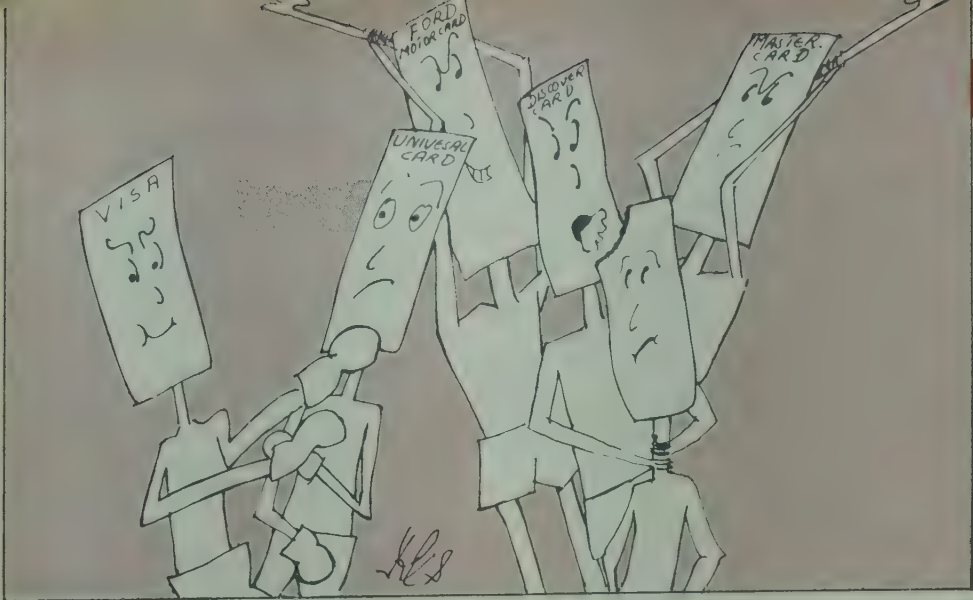
As banks have rushed to reap the rewards of economies of scale, consolidation has started to transform the business. In 1987, the top 10 credit-card issuers had a marketshare of 37%. At the end of 1989 they had close to 55% of the market sewn up between them.

Income from plastic. The banks that have benefited most are the biggest. Citicorp's \$28 billion credit-card portfolio is three times bigger than that of Chase Manhattan, its nearest rival. Of a total estimated net income of \$900 million for 1990, Citicorp will probably make around 80% from credit cards. The top 10 bank issuers of credit cards are reckoned to make on an average around 30% of their net income from plastic. Last year that was worth around \$1.5 billion.

The banks' most dangerous competitor is the market's novice: AT&T. The company created a huge splash when it launched its Universal card in March. Some 10 million people are estimated to have made inquiries about the card. More than five lakh cards have probably already been issued. The company needs to shift only a couple of million to break into the ranks of the top ten credit-card issuers in America.

AT&T is selling its card hard, drawing on its knowledge of its 70 million customers, whose payment records for telephone services provide a ready credit check. It is also using some deft ploys to sign up new account holders. One is that all Universal card holders get a 10% discount on long-distance calls made using the card. Another is that AT&T is offering its card "free for life," whereas banks charge an annual fee. Advertisers will tell you that "free" is the most noticed word in the English language, second only to "sex."

Plebeian variety. Another fresh marketing gambit by AT&T is to send rich account holders gold versions of its card along with the plebeian variety without being asked. The AT&T gold cards will be free even if



A BATTLE FOR THE POCKETS

they are used just once a year (competing gold cards carry a $50-a-year price tag). George Salem, a banking analyst with Prudential-Bache Securities, reckons that AT&T's pair of cards "are a large threat to the banks' gold mine."

In an attempt to keep the mine to themselves, at the end of May four of the top 10 card-issuing banks — Citicorp, Chase Manhattan, BankAmerica and Maryland National Corp — rushed to the regulators complaining about possible breaches of banking law by AT&T. However, this is viewed as little more than a diversionary tactic because the banks will need to watch their flanks for incursions by other competitors, too.

The top five non-bank issuers of credit cards are expanding fast. The biggest of the quintet is Greenwood Trust, owned by Sears, Roebuck, a big American retailing company, which issues the Discover card. The next largest is the Ford Motor Co, whose thriving credit-card business is one of a growing range of consumer financial services built on the idea of lending people money to buy its cars. In 1989, the total portfolios of the top five non-bank issuers had risen to around $20 billion from just $8 billion in 1987. Prudential Insurance is said to be keen to launch a card before the end of the year. This would be aimed at the insurer's 20 million customers.

Host of gimmicks. The small arms of this credit-card war are a host of gimmicks and services such as insurance and travel discounts that issuers are using to plug their cards, and which the non-banks may be more adept at wielding than the banks. Branding could provide both sides with heavy artillery. Some pundits believe that the banks made a big tactical error long ago when they surrendered control over the branding of credit cards to Mastercard and Visa. The banks are only slowly clawing the ground back. When credit cards were first pushed, issuers were given just 30% of the card's face to advertise their name. Today they have over 80%. Banks are pushing their own cards with scintillating slogans such as: "Not just Visa. Citicorp Visa."

In a sense this is the phoney war. The real battles will start when issuers compete on price — i.e. on the interest rates they charge borrowers. Today American issuers charge around 18-19%. AT&T was tipped to slash its rates to 14-15%, but balked at the last minute. In view of the profits this supposedly competitive business is making, an interest-rate war seems long overdue. Some bank-watchers reckon it could come before the end of this year.

One danger the credit-card issuers hardly need reminding of is the rising level of sour consumer loans. Today total consumer lending in America is over $700 billion. Last year 3.4% of consumer loans by value had to be written off — the highest figure since 1982, when records began. In 1989 banks had to write off some $3.5 billion of credit-card loans. To the victors, the bad debts? — *The Economist.*

SHAKEUP FOR SEARS

Sears, the largest retailer in the US, is as familiar a part of everyday American life as Coca-Cola, Chevrolet or McDonald's. Yet, it is struggling against one of the most intractable problems in the industry: image.

The battle is evident in the Chicago suburb of Aurora, Illinois. Here, the Sears store — considered a model of the company's new concepts in merchandising — is barely recognisable as the stodgy, no-frills "family" shopping place of yesteryear. The Aurora store sports what Sears calls the "power format" for presentation of goods. A teen department is splashed with neon and jazzy decor. There's a nook full of smart black and white sports clothes for women, with tasteful abstract art prints adorning the walls. A boys' section has been done up as a sprightly locker-room with video games nearby.

Other departments, like garden tools, still have the old Sears feel, but virtually all the clothing sections have been redesigned. The emphasis on apparel is not casual. Sears still has a good turnover of household goods — everything from consumer durables to hardware. But clothing is where it must compete more effectively to keep pace with the speciality stores and discounters that gnaw at its customer base.

Sears's 847 stores are generally located in shopping malls. Studies have shown that most consumers go to malls to buy clothing, not power drills. Joseph Slater, the proud manager of the Aurora store, says that Sears must look more like the competing speciality shops which line the corridors of the mall. To lure the customers, Sears has added nationally-known brands, in clothing and in household goods. Better women's labels are still scarce, however, because fashion manufacturers shun the company in fear of downgrading their own image.

Revamped stores. The revamped stores are also converting stockrooms and other non-selling space to merchandise displays. Slater has added 15,000 sq ft to the fashions floor for a total of 60,000 sq ft. He would not reveal figures, but said the better displays were translating into more sales.

The strategic changes in the merchandising group within Sears, Roebuck — the corporate parent which also owns Dean Witter Financial Services, Allstate Insurance and the Coldwell Banker real estate group — were announced at the end of 1988. The plan has only been partly implemented so far, even though Edward Brennan, the Sears chairman, says success for the merchandise group is a key to the company's overall success.

Merchandising's contribution to profits has steadily eroded over the past five years. Last year it accounted for 58% of the company's $53.8 billion (Rs 93,000 crores; $1 = Rs 17.30) in revenues, and 42% of its $1.5 billion in profits. In 1985, it claimed 67% of revenues and 59% of net income.

Richard Nelson, a retail analyst at Duff & Phelps in Chicago, said: "The new strategies are creative, but the execution of those strategies remains to be seen. They haven't shown up in all the stores or in the figures." He added that he was keeping an eye on the new formats to see if they became diluted as they spread.

So far this year, the retailing news has been grim. The merchandising group reported a loss in the first quarter of $37.4 million, compared with a profit of $33.8 million in the same period last year. Sales rose just 1.3% to $6.84 billion.

Results for the bottomline of the new retail strategy are difficult to analyse immediately given that the economy has not been cooperating. A large portion of the company's sales consists of consumer durables, for example, where purchases have shrunk.

Sears is clearly staking a lot on transforming its stores. But its nimbleness in the fast-changing world of fashion retailing is not yet proved, and analysts are sceptical that the company's old habits will die easily. *— Financial Times.*

RAKING UP OLD CLAIMS

As Poland prepares to embark on its controversial privatisation programme, a group of former owners of factories nationalised in 1946 has sounded yet another discordant note.

The Society of Polish Industrialists, made up of some 100 former owners or their heirs, is pressing the government to recognise its members' claims. Amid the antique furnishings in his Warsaw flat, one of the founders of the group, 67-year-old Ludwik Grohman, argues that Poland's privatisation policies should not only seek to create new owners but reinstate the former ones.

Flanked by Karol Whitehead (77), one of the heirs to the Wedeh chocolate factory which is on the government's privatisation list, Grohman states the moral and legal case for a simple return of private property. "Now that we are a democratic and law-abiding state it doesn't seem right that the present government should profit from the previous regime's booty," he says.

Grohman has a claim on a fifth of a factory that was founded in 1827. It is still one of the largest textile factories in Lodz.

WALESA LENT SUPPORT TO THE CLAIMANTS

Little joy. Count Jan Zamoyski (78), once a major landowner, says that representatives of Ikea, the Swedish furnishing group, asked him if he was thinking of reclaiming the Zamosc furniture factory with a view to establishing a joint venture. The society has been knocking on doors for the past few months with little joy from the government, which continues to recognise the 1946 law nationalising factories employing more than 50 people per shift, and which is ready to consider compensation only where the law was infringed.

A trip to Gdansk to see Lech Walesa was more fruitful and enlisted support for the society's aims. The group is more than happy to reciprocate over the Solidarity leader's drive for Poland's presidency. On the other hand, Leszek Balcerowicz, the deputy premier, had still not found time for the group, Grohman said ruefully.

The chances that the government will sanction a wholesale return of industrial property are slim. The stakes are high and should the society's claims be recognised the country stands to gain a sizeable group of rather wealthy people.— *Financial Times.*

NEWS BRIEFS

- **British Steel** is to acquire **Klockner Werke's** Mannstaedt steelmaking unit for 300 million marks (Rs 309 crores), boosting the UK steelmaker's efforts to diversify from its domestic market.
- **Philip Morris** of the US agreed to buy Switzerland's **Jacobs Suchard**, the world's third biggest chocolate and coffee group, for an estimated net cost of $3.8 billion (Rs 6,574 crores; US $1 = Rs 17.30).
- **Coniston Partners**, the US corporate raider that pulled off some of the most prominent deals of the eighties, is to be **wound up** and have its $900 million of funds returned to its investors.
- **Saatchi & Saatchi**, the troubled communications group, is understood to have agreed to severance of terms with **Roy Warman** and **Terry Barrister**, the two board directors who were dismissed two months ago.
- **Bridel**, France's fourth largest dairy group and number two in the camembert market is up **for sale**.
- **Bundespost Telekom**, West Germany's state-run telecommunications group, plans to raise DM 30 billion (Rs 30,000 crores) from the capital markets over seven years beginning in 1991 to help **rebuild** East Germany's dilapidated phone system.
- **Philips** of the Netherlands announced a drastic restructuring designed to stem substantial losses in its information systems division and return the unit to profitability by 1992.
- The **Hongkong & Shanghai Banking Corp** had its credit rating cut by IBCA, the London-based rating agency. It cut the bank's individual rating from A/B to B and its long-term rating from AA to AA. This is due to the political uncertainties facing Hongkong and the bank's declining profitability.
- **Mercedes-Benz**, the West German megacorp, plans to raise its car output this year by about 4.2% to 565,000.

FORM IIA
SEE RULE 4A (1)

It is hereby notified for the information of the public that The General Electric Company of India Limited proposes to make an application to the Central Government in the Dept. of Company Affairs, New Delhi under sub-Section (2) of Section 22 of the Monopolies & Restrictive Trade Practices Act, 1969 for approval of their proposal to change the location in respect of manufacturing process of Power Driven Pumps covered under Industrial Licence No. EEI/15(10)/66 dated 10th August 1966 having licensed capacity of 5,000 Nos. per annum on three shift basis from its Calcutta Works (AEI Works) to its existing Works at Coimbatore. Brief particulars of the proposal are as under:

1) **Name & Address of the Applicant:**
The General Electric Company of India Ltd., 'Magnet House' 6 Chittaranjan Avenue,
Calcutta-700 072
2) **Capital structure of the applicant organisation:**
Authorised Capital : Rs 30,00,00,000/-
Subscribed &
Paid-up Capital: Rs 14,40,00,000/-
3) **Management structure of the applicant organisation indicating the names of the Directors including the managing/wholetime Directors and Manager, if any:**
The Company is professionally managed by the Chairman and the Managing Director subject to the superintendence, direction and control of the Board of Directors which comprises: (1) Mr. A.K. Khosla, Chairman, (2) Mr. Hemant Singh, Managing Director, (3) Mr. Justice H.L. Anand (Retd.), Director, (4) Mr. Jahar Sengupta, Director, (5) Mr. P.K. Gupta, Director, (6) Mr. M.S.S. Murthy, Director, (7) Mr. P.S. Sharma, Director, (8) Mr. A.G. Williams, Director, (9) Mr. P.R. Bakshi, Director and (10) Mr. A.K. Dhagat, Director.
4) **Indicate whether the proposal relates to the establishment of a new undertaking or new division:**
It is proposed to change the location in respect of manufacturing process of Power Driven Pumps covered under Industrial Licence No. EEI/15(10)/66 dated 10th August 1966 having a licensed capacity of 5,000 Nos. per annum on three shift basis from our Calcutta Works (AEI Works) to our existing works at Coimbatore.
5) **Location of the new Undertaking/Unit/Division:**
At our existing manufacturing unit at Pollachi Main Road, Eachanary P.O., Coimbatore-641 021.
6) **Capital structure of the proposed undertaking:**
Same as in item 2 above (existing undertaking).
7) **In case the proposal relates to the production, storage, supply, distribution, marketing or control of any goods/articles, indicate:**
i) **Name of goods/articles:** Power Driven Pumps.
ii) **Proposed licensed capacity:** 5,000 Nos. per annum on three shift basis.
iii) **Estimated Annual Turnover:** Rs 250 lacs.
8) **In case the proposal relates to the provision of any service state the volume of activity in terms of usual measures such as value, income turnover, etc.:** Not applicable.
9) **Cost of the Project:** Rs 9.23 lacs.
10) **Scheme of Finance including the amounts to be raised from each source:**
To be met out of the Company's internal resources.

Any person interested in the matter may make a representation in quadruplicate to the Secretary, Dept. of Company Affairs, Government of India, Shastri Bhawan, New Delhi within 14 days from the publication of the Notice, intimating his views on the proposal and indicating the nature of his interest theron.

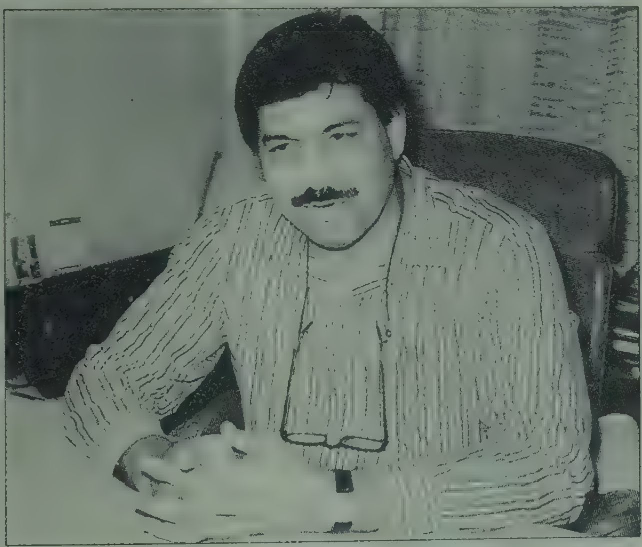
Place: Calcutta
Dated: 27th June, 1990

For and on behalf of
THE GENERAL ELECTRIC COMPANY OF INDIA LIMITED
S. COOMER
DEPUTY SECRETARY

VIEWPOINT

"CEMENT & STEEL ARE GOOD BUYS"

Bhagirat Merchant is the man about the stockmarket. A chartered accountant by qualification, Merchant forayed into merchant banking and portfolio management almost two decades back, kicking off his career with an 11-year stint at the Bombay-based broking and merchant banking firm Harkissondas Lakshmidas. Calling it off in 1982, Merchant went on his own with Pam Financial Consultants. Today, he is also into leasing and manages a portfolio worth Rs 5 crores. Says Merchant: "Our strength is largely due to our ability to service the portfolios with a 90% success rate." Merchant spoke to A.H. Ghani of Businessworld *on the emerging investment opportunities in the stockmarket. Excerpts:*



■ On where the Bombay sensitive index (Sensex) is heading.

The Bombay Sensex closed at 835 on 28 June. Perhaps this is partly due to the uniform accounting year and a host of results which hit the markets around this time. However, the markets are in fine fettle with the incoming results better and dividend payouts greater. I foresee the index going further up but for the political factor. Sensex trends this year will largely be guided by the developments on the political front.

■ On investment-worthy industries.

Cement and steel. Power-generating and distributing companies too hold great promise. Leasing industry should look up in the long run.

■ On shares of cement companies.

With the decontrol of cement and the rising demand for quality cement, cement shares have turned the new darlings of the investors. I will recommend buying ACC even now at the current price of Rs 550. ACC's strength is its low production cost and a low equity base. I see ACC doubling up within a year and trebling in 1993.

■ On shares of power companies.

With the liberalisation policy announced for the power sector, I expect all the power-generating companies to expand their capacity. Tata Power is an excellent investment now.

■ On excellent buys among cash scrips.

Housing Development Finance Corporation (HDFC) and Punjab Tractors look very good among the cash scrips. Return on net worth has averaged 47% over the last five years in the case of HDFC and Punjab Tractors is probably the only tractor company with no foreign collaboration which has performed so well to earn Rs 14 per share.

■ On bargains among the low-priced shares.

Punjab Alkalies, Chemfab Alkalies, Asahi India Safety, Elgi Tyres, Hindustan Alloys and Klockner Windsor should be picked up at the current levels.

■ On good medium-term buys (1-2 years).

HDFC, ACC, Hindalco, and Bombay Dyeing.

■ On good long-term buys (3-5 years).

Hindustan Powerplus, Bell Ceramics and Shrenuj & Co.

■ On investing in below-par scrips.

In a feverishly surging market, below-par scrips tend to move up along with the herd. Thus one can expect to make a killing in below-par scrips on a short-term basis, provided info about the company is available. Minus info, cats and dogs should be shunned like the plague. There are no worthwhile below-par scrips now.

■ On shares of leasing companies.

Leasing industry holds tremendous potential in the long run. Investors should pick up only the shares of dividend-paying leasing companies. Going by this rule, I will recommend Pioneer Leasing, First Leasing, Apple Industries and Anagram Finance for buying now for long-term capital appreciation.

■ On investing in debentures.

Pick up debentures from the secondary market alone and at a yield rate of 16%. The debentures eligible for investment are those of blue chip companies so that the debentures are secured in the real sense.

ANNOUNCEMENTS

DIVIDEND

(The record date precedes and percentage of dividend follows the company's name: all dividends are final.)

18 July: Zuari Agro 30%, Cadbury India 35%.
19 July: German Remedies 20%, Hindustan Dorr Oliver 25%, Polyolefins 20%.
20 July: Parke Davis 35%, Cimmco 20%, Cyanamid 10%, Kaycee Ind 25%, Empire Ind 24%.
21 July: Klockner Windsor 24%, Bombay Dyeing 40%.
23 July: Uttam Galva 15%.
24 July: South Asian Finance 15%, Special Steels 25%, Universal Cans 20%.
25 July: Bharat Bijlee 25%, Vindhya Telelinks 12%, Shrenuj & Co 22%.
26 July: Standard Ind 20%, Hindustan Ferodo 7.5%, Tata Hydro 7.5%.
28 July: Sandeep Holding 50%, Grasim 30%.
30 July: Devidayal Electrical 10%.
31 July: J.B. Chemicals 9%, Asian Paints 45%.
1 August: Bakelite Hylam 18%, Lakshmi Machine Works 25%, Tata Robins 16%, Kirloskar Oil 16%, NSL 15%, Miles India 20%, Britannia Industries 15%, Blue Star 20%, Montari 12.5%, EID Parry 22.5%, Rhone Poulenc 15%, Revathi C.P. 20%, Gujarat Alkalies 26%, Aban Lloyd 10%, Shriram Investments 25%, Super Sales 18%, Mipco Seamless 12%, Tinplate 15%.
2 August: Nicco Orissa 10%, Roche Products 15%.
3 August: Camphor & Allied 25%, Tak Machinery 20%.
4 August: Simplex Mills 12%.
6 August: Aurangabad Paper 20%.
7 August: Coates 25%, Bayer 20%, Cable Corp 28%.
8 August: Tamil Nadu Petro 15%, Nocil 24%.
9 August: Gokak Patel 32%, National Peroxide 6%, Madhusudan Ind 20%.
10 August: G.G. Dandekar 20%, Bajaj Electricals 25%, Esab India 12%, Skol Breweries 15%, Alkyl Amines 20%, G.P. Electronics 20%.
11 August: Kovil Patti 18%, Bombay Burmah 30%.
13 August: Rohit Pulp 22%.
14 August: Hindoostan Spinning 10%, Grindwell Norton 22.5%.
16 August: AEC 10%, Glaxo 15%, Siemens 16%, Kirloskar Cummins 20%, Herdillia Chemicals 26%, Swil 25%, Warren Tea 15%, United Motors 30%.
17 August: Stone India 15%, Transport Corp 9%, ACC 15%, Excel Ind 30%, Roplas 20%, India Cement 15%, Ahmedabad Electricity 16%, Antifriction Bearings 25%, Ashok Leyland 31.5%, Diamines & Chemicals 22%, G.L. Rexroth 20%.
18 August: Ficom Organics 25%, Arunoday Mills 30%, Sika Breweries 17.5%.
20 August: Fag Precision 12%.
21 August: Hoechst 20%, Bhoruka Steel 15%.
22 August: India Investment Trust 40%.
23 August: Everest Building 20%, Indrol 27%, Hindustan Housing 16%.
26 August: Simplex Trading 80%.
28 August: Indian Seamless 10%.
30 August: Burroughs Wellcome 16.25%.
1 September: Gujarat Steel Tubes 15%, Lakshmi Electric 25%, Arlem Breweries 20%, Madura Coats 30%, Shanti Gears 21%, Chemicals & Plastics 10%, Goa Carbon 35%, Kaveri Engineering 16%.
4 September: Lorcom 25%.
7 September: Nagpur Alloys 14%.
8 September: Sudarshan Aluminium 18%.
9 September: Unichem Laboratories 10%.
11 September: Peico 10%, Gujarat State Fertilizers 30%, Southern Industrial Corp 12%.
14 September: Rane Madras 25%.
15 September: Gupta Synthetics 15%.

INSIDE INFO

■ The Bombay big bull coterie never ceases to amaze. Its understanding of the minds of institutional players was evident in all glory on 6 July, when the other big bull, Unit Trust of India, ran amok in pivotal counters, particularly in ACC. While the big operators in Calcutta and Ahmedabad burnt their fingers, the Bombay bulls effortlessly extricated themselves from their long positions in **ACC** and **Hoechst**. The highlight of the operation was that the squaring up was done outside the official *badla* session by the bulls on a personal basis. The result: ACC declined by 22 points to Rs 655 in a matter of minutes. However, investment support and the squaring up of short positions helped ACC climb back to its opening quote of Rs 667 and Hoechst gain 190 points over its opening quote at Rs 2,200.

■ The top-dog of the bull coterie was very long in **Tata Power** and was busy betting that the scrip hadn't reached its high yet. With short positions yet left uncovered, the scrip was tipped to gain another 100 points within a fortnight. However, the invincible persona had his comeuppance in **Grasim**, in which he was very short. Reason: despite a not-so-encouraging performance by the company, UTI whole-heartedly propped up the scrip, which nonchalantly trotted up from Rs 131 (4 July) to Rs 138 (6 July).

■ **Baroda Rayon** was also fancied by operators and investors as well. Reason: the company had just announced a heartening 1:2 bonus, while the expectations were for a 2:5 gift. Add to this the better earnings per share reported by the company, and the scrip was slated to gain another 100 points within two settlement periods.

■ A scrip that was being quietly acquired by market pros was **J.K. Synthetics**, a long-neglected counter. The rationale: the company was expected to announce improved results and the scrip had all along been quoted at a low price-to-earnings rate. With Calcutta operators too jumping into the fray, J.K. Synthetics moved up from Rs 60 (22 June) to Rs 66 (6 July). The info doing the rounds was that the counter could gain another 10 points within a fortnight.

■ **Bhagwati Autocast, East Coast Steel** and **Premier Auto Electricals** were three third-line shares which were being tipped heavily in certain quarters. The info was that Bhagwati Autocast's earnings might be about Rs 6 per share. The latter two companies were also expected to reward investors better and were thus slated to double soon. **Surlux Diagnostics** was another scrip that was being seen as an excellent investment. The grapevine had it that the company could declare a 20% dividend.

■ Analysts who throng the market were wagering on **Videocon International** and **Madura Coats** as excellent investments. According to them, Videocon's post-tax profit would be about Rs 30 crores yielding an EPS of Rs 70. Madura Coats was being fancied on the expectation that the company could announce a 1:1 bonus soon.

■ **East India Hotels** was being tipped as a bonus candidate this year. (The last bonus was 2 for 5 way back in 1984.) Not just that, the info was that the company could report higher earnings too. Informed sources were claiming that a bonus could also be announced to coincide with M.S. Oberoi's ninetieth birthday. However, the scrip which was quoting around Rs 59 (22 June) ended up losing a point on 6 July.

Last date for the receipt of entries: 1 August 1990

There's no entry fee, no risk. But there's Rs 5,000 to be won every fortnight. Here's how.

Every contestant is given a notional Rs 1 lakh to invest in shares. The money can be invested in upto five scrips listed on the Bombay stock exchange (BSE) at closing prices on a reference date specified by *BusinessWorld (BW)*. This notional portfolio will be evaluated by *BW* a month later (approximately). Three contestants, whose portfolios register the largest gains, will be entitled to cash prizes: Rs 2,500 being the first prize, Rs 1,500 the second, and Rs 1,000 the third. The names of all the winners will be published in *BW*.

THE RULES

The attention of contestants is drawn to Rule No 12. No hand-deliveries of entries will be accepted. Entries without post-marks will be automatically disqualified.

1. The notional amount to be invested is Rs 1,00,000.
2. Investments (in market lots only) can be made in any five companies' equity shares which are listed on the BSE.
3. Investments in debentures or securities other than equity shares are not permitted.
4. No investment can be made in scrips in which there has been no trading on the reference date for investment (25 July for Contest No 18).
5. Investments in scrips quoted below par value on the investment date cannot exceed 25% of the total (Rs 25,000).
6. The maximum amount investible in any one scrip is Rs 50,000.
7. Investments must be made on the basis of the closing prices of shares on a date specified by *BW*. **This time the date is 25 July 1990**. Quotations based on prices at stock exchanges other than Bombay will not be permitted.
8. The portfolio will be evaluated on a date (to be specified by *BW*) roughly one month after the investment date. **This time the date is 22 August 1990**. This too will be on the basis of the closing quotations of the BSE. The official list of the exchange will be the source for determining closing prices. Quotations published in newspapers, magazines or any other publication will not be accepted. In the event of there being any difference in the price quotations given by the contestant and the official list of the Bombay stock exchange, the investments will be deemed to have been made at the latter prices.
9. If the BSE is closed on the specified days, the closing quotations of the first subsequent trading day will be taken into account.
10. Any odd amount left uninvested in the notional portfolio will be assumed to have been deposited in a savings bank account earning an interest of 5% p.a.
11. Contestants will have the option either to invest the entire amount of Rs 1,00,000 (or part thereof) in equity shares or in a savings bank account. (This is just in case investors think stock values will crash and that the money is better invested outside the stockmarkets.)
12. All entries should be accompanied by a coupon (given below) bearing the contest number and must reach the editorial office of *BW* not later than the date specified. **For Contest No 18, the last date for the receipt of entries is 1 August 1990**. Envelopes should be sent by ordinary post only and must carry the following on the outside in big bold letters: *BW* INVESTOR CONTEST NO.18 (or whatsoever the contest number is). The envelope must be addressed to: The Editor, *BusinessWorld*, 145, Atlanta, 209 Ceremonial Boulevard, Nariman Point, Bombay-400 021.
13. In case of a tie, the money will be divided equally among the winners. For example, if the top two portfolios show the same level of appreciation, the prize money for the first and second prizes will be pooled and distributed to the two winners.
14. For the purpose of this contest, it will be assumed that no brokerage is paid for the purchase of shares.
15. Contestants can send in any number of entries, but each of them must be accompanied by the relevant coupon. Coupons for contest No 18 cannot be used for Contest No.19 and so on.
16. The decision of the Editor, *BusinessWorld*, will be final in deciding any disputes vis-a-vis this competition, which will not be open to any employee of the Ananda Bazar Group of Publications.

Winners of

INVESTOR CONTEST NO 14

FIRST PRIZE (Rs 2,500):
Sanjeev Potnis

Potnis's portfolio appreciated to Rs 1,63,329.06.

SECOND PRIZE (Rs 1,500):
Vidyadhar Bhate

Bhate's portfolio appreciated to Rs 1,49,326.35.

THIRD PRIZE (Rs 1,000):
Pravin Mehta

Mehta's portfolio appreciated to Rs 1,48,025.

In Contest No 14, two scrips separated the winners from the others who just missed the top three ranks — TIL, a tractor manufacturing company, and Elpro International, a manufacturer of lightning arresters and x-ray equipment. TIL's share jumped by a whopping 95% and Elpro's by 75%, making anyone who'd invested heavily in them a top contender for this contest. Sanjeev Potnis of Bombay put nearly half his money in Elpro and 30% in TIL, making him the clear winner by far. The second and third prize winners —Vidyadhar Bhate (Pune) and Pravin Mehta (Nagpur) had very little separating them. Bhate got his biggest gains by putting half his money in Elpro and picked up a useful 38% gain in Dhar Cement, in which he put in a quarter of his money. Mehta, on the other hand, managed a big appreciation in TIL, but his second major investment (in Tak Machinery) got him only a minor increase of 3%. That's what put Bhate ahead.

Congrats!

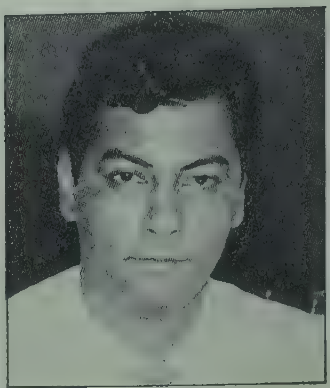
INVESTOR CONTEST NO 18 — ENTRY FORM

Name of scrip	Price on 25 July 1990	Number of shares purchased	Total investment
Total money invested from Rs 1 lakh capital			

Name:

Address:

TWO PROMISING PERFORMERS



Patheja Forgings, a Pune-based company manufacturing steel forgings, went public on 7 March 1990 with an issue of 2 lakh shares at a price of Rs 30 per share (inclusive of a premium of Rs 20). Its shares got listed on the Bombay stock exchange in June and the opening quotation was Rs 50. The quote is around Rs 57 today.

Patheja Forgings has done remarkably well over the years because it has concentrated on the manufacture of low-cost, high volume forgings. Another reason for its growth has been its decision to shift away from the diesel engine market to other segments like automobile components — a decision which has resulted in significant growth. Since 1975, the company has been registered with the directorate-general of technical development (DGTD) as a medium-sized unit. It was only in February 1987 that Patheja Forgings was converted into a public limited company.

The plant, located at Pune, had an initial capacity of 1,400 tonnes per annum (tpa) which has been enhanced periodically to touch 11,000 tpa today. Patheja Forgings' range of products includes gear shifts, scooter connecting rods, crankshafts and valve rockers for original equipment automobile manufacturers. Besides, it also supplies components to the spares market.

Recently, Patheja Forgings completed a Rs 5 crore expansion-cum-modernisation programme. This was substantially financed by the Industrial Credit & Investment Corp of India (ICICI), the Industrial Development Bank of India (IDBI), UTI and Punjab National Bank. The funds were utilised to acquire imported and indigenous plant and machinery which will allow the manufacture of quality and heavier automobile forgings.

The company has also got itself registered with the ministry of industry to manufacture 20 lakh hand tools (other than those reserved for the small sector). Registration has also been obtained to manufacture 30 lakh bearing faces and 80 lakh high-tensile precision industrial fasteners annually (excluding those reserved for the small sector).

Patheja Forgings' fortunes are directly linked to the growth of the automobile industry. Being located in Pune has proved to be an advantage. The company has become an important supplier of forged parts to leading automobile manufacturers like Bajaj Auto and Premier Auto Ltd (PAL). Both these companies, which are Patheja Forgings' main customers, are on the expansion trail. The fallout of this expansion obviously means more business. This will ensure a good future for the company. Besides this, Patheja Forgings has also initiated efforts to make a major thrust into the export markets.

A quick look at the company's financial performance over the years shows that turnover has jumped to Rs 17.23 crores for the year ended 31 March 1990 (unaudited figures) from Rs 3.87 crores in 1984. During this period, gross profit moved up to Rs 3.08 crores from Rs 31 lakhs while net profit soared to Rs 2.08 crores from a mere Rs 11 lakhs.

Patheja Forgings hopes to do well in the current as well as subsequent years. When it tapped the capital market earlier this year, the management had painted a rosy picture on the financial front in the prospectus. It had forecast a turnover of around Rs 30 crores for the current year ending 31 March 1991. On this turnover, the gross profit and net profit projections were about Rs 5 crores and Rs 3.5 crores respectively. That would give an EPS of Rs 10 on the existing capital base of Rs 3.49 crores. Based on the expected earnings, the shares of Patheja Forgings have a potential to quote at around Rs 85 in about a year.

Nestle India (formerly Food Specialities) is a favourite among investors for its investor-friendly approach. Its policy on capitalisation as well as distribution has been extremely liberal. A look at the capitalisation pattern since 1980 shows a 1:1 bonus issue in that year, a 1:1 bonus in 1983, 3:5 in 1986 and 3:5 in 1989. During this period there have also been rights issues in 1985 and 1988.

In 1985, the rights allotment was in the ratio of 1:4 at a premium of Rs 30 per share and in 1988 it was a partially convertible debenture issue in the ratio of 4:25. Out of the face value of the Rs 160 per debenture, Rs 60 could be converted into one share.

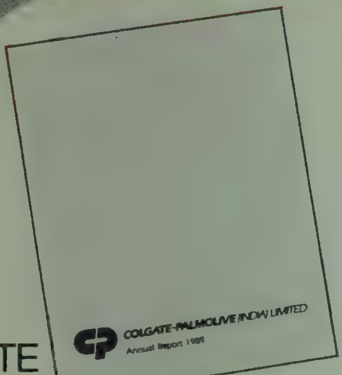
If an investor had purchased just 100 shares in 1980 when the share was quoted at Rs 50 and taken up all his rights, the total number of shares in his possession would have increased to 928 today. At the current quote of Rs 120, his holding would be worth Rs 1.11 lakhs. Now compare this with the investment of Rs 5,000 in 1980, Rs 3,200 in 1985 and Rs 7,680 in 1988 which grosses up to Rs 15,880. In short, the returns have been phenomenal.

Nestle India is a company with a strong marketing orientation. It has a very wide product range. While it reigns supreme with its Maggi noodle range, its sauces and soup cubes are no bit players. Its instant coffee Nescafe is a market leader. In baby foods, it holds the fort with Lactogen and Lactodex, while its presence in the weaning foods market is with Cerelac and Nestum. The company has milk products too: Nespray in the whole milk powder segment, Everyday, a dairy whitener for tea and coffee, and Milkmaid, the numero uno condensed milk. Besides, it has a cuppa that cheers too in Taster's Choice tea.

Most of its products are winners. And it is getting ready to conquer more markets: soon the company will enter chocolates and ice-creams. Also, the company recently completed a major expansion at its production facilities in Moga, Punjab. The gross block at Moga itself has increased by 267% in just three years. The growth of the existing product range, the introduction of raw products and the marketing muscle should ensure steady prospects for Nestle India. Though at the current price of 120, the Nestle share appears fully-priced, it is a good long-term investment.

■ *Clifton Desilva*

The author is a Bombay-based investment manager.



COLGATE

GOOD GOING

The year ended 31 December 1989 has been one of higher sales and constant profitability for Colgate. This time too, the company has been liberal in payout, despite an enlarged equity base after a 1:1 bonus last year. The dividend proposed is 42.50%.

Gross revenue has risen by 18.39% to Rs 277.12 crores. However, operating profit has been lower due to higher material costs, despite a conservative borrowing policy which has kept interest costs to the minimum. Gross profit has improved by 13.97% to Rs 52.46 crores.

Depreciation has been higher by 51.52% at Rs 1 crore, largely due to the prior year's capital expenditure. With the tax ratio marginally lower by 1.6% at 51.6%, net profit has risen by 18% to Rs 25.06 crores. With the amendment in s.80-M of the Income-Tax Act, income units will now not be taxable. A lower marginal tax ratio and the ongoing capital expenditure are expected to reduce future tax liabilities.

Colgate continues to dominate the toothpaste market with a marketshare of over 50%. With increasing competition from Promise, Babool, Prudent and other brands, the company is trying to generate higher volumes in the premium soap and shampoo market too. But here it faces competition from Pond's, Hindustan Lever and Godrej, among other manufacturers.

Exports have registered a 10-fold rise to Rs 4.71 crores. Thus, export incentives were substantially higher at Rs 0.71 crores during the year. The share of raw material cost in sales was marginally higher at 60.1%, partly due to the higher content of imported raw materials.

Other expenses too have registered rises. Advertising expenses were higher by 14% at Rs 10.18 crores. Freight and forwarding charges have risen by 26.4% to Rs 4.12 crores. Miscellaneous expenses have moved up by 31.8% to Rs 4.64 crores. However, processing charges were lower by 24.4% at Rs 4.12 crores.

Colgate has earned an EPS of Rs 7.97 which works out to Rs 15.94 on the pre-bonus equity capital. During 1989, the company paid two interim dividends — 20% in June on 1.57 crore shares and another 22.50% in September on 3.14 crore shares. Now a final dividend of 10% on 3.14 crore shares has been proposed, making it a total of 52.5% on pre-bonus capital. Thus, payout has been higher at 53.31% of the profit available for appropriation.

During the year, the company added Rs 10.51 crores to its gross block. Working capital requirements went up by Rs 8.79 crores. Investments were lower by Rs 3.63 crores at Rs 23.68 crores and the company has liquidated a part of its investments in tax-free public sector bonds and has purchased an additional 76.75 lakh units at a cost of Rs 10.54 crores.

Colgate is a regular bonus-issuer. Of its total paid-up capital of Rs 31.44 crores, bonus issues make up a whopping 99.95%. To date, four liberal bonus issues have been made ever since Colgate diluted its foreign holding in 1978.

If the past is any indication, the next bonus should be due in 1991, though reserves indicate that it may not be a 1:1. The scrip's 1989 high and low are Rs 230 and Rs 150 respectively. Currently quoted at Rs 226.25 (29 June), the company's price-earnings (P/E) ratio works out to 28.39 times. However, the scrip is expected to rule steady, goaded by hopes of another liberal bonus issue next year.

COLGATE

(Rs crores)

	12 months ended 31 Dec 89	12 months ended 31 Dec 88
Gross revenue	277.12	234.07
Gross profit	52.46	46.03
Profit after tax	25.06	21.24
Equity capital	31.44	15.72
Reserves	25.32	29.34
Gross profit margin (%)	18.93	19.67
Return on net worth (%)	44.15	47.14
Dividend (%)	42.50	45.00
Earning per share (Rs)	7.97	13.51
Book value per share (Rs)	18.05	28.66

Source: Annual reports

BATA INDIA

BETTER SHOW

Bata India Ltd (BIL) has fared better during the year ended 31 December 1989 despite higher overheads. The improvement has been largely brought about by better sales realisation and lower input costs.

Gross revenue has moved up by 24% and operating profit by 51% to Rs 19.23 crores. Despite a 25% rise in interest costs, gross profit has nearly doubled. Though the tax ratio has stayed put at 50%, tax liability has risen by 149% to Rs 3.61 crores. With the marginal rate of tax now lower at 43.2%, the company could save about Rs 50 lakhs. Profit after tax has moved up by 156% to Rs 3.61 crores.

Leather footwear accounts for about 56% of Bata's total sales, rubber and canvas footwear 33% and plastic footwear another 9%. With stiff competition from Carona and the small-scale sector, the sales volumes of rubber, canvas and plastic footwear have declined by 2.6% and 1% respectively. The sales volume of leather footwear, however, has risen by 5.1% to 18.3 million pieces.

Average sales realisation has also been higher in all the product lines — a rise of 19% in leather footwear and 30% in the case of others. The company's Bangalore plant com-

BATA INDIA

(Rs crores)

	12 months ended 31 Dec 89	12 months ended 31 Dec 88
Gross revenue	321.85	259.36
Gross profit	9.39	4.81
Profit after tax	3.61	1.41
Equity capital	10.50	10.50
Reserves	19.56	17.53
Gross profit margin (%)	2.92	1.85
Return on net worth (%)	12.01	9.13
Dividend (%)	15.00	10.00
Earning per share (Rs)	3.44	1.34
Book value per share (Rs)	28.63	26.70

Source: Annual reports

menced production of 'Adidas' shoes in December 1989. Some new outlets were added to the existing retail chain of distribution. Profitability has, thus, been severely affected by higher overheads. Manufacturing expenses have shot up by 71.5% to Rs 26.98 crores and selling expenses by 34.5% to Rs 31.27 crores.

The labour situation at its main Batanagar (Calcutta) factory continues to cause concern. The cost of production at the factory is quite high due to low productivity and cost inefficiency. Employee costs have increased by 27% to Rs 67.81 crores and this accounts for about 21% of the gross revenue, largely due to the compensation of Rs 4.15 crores paid under the voluntary retirement scheme. The factory's post-tax profit dipped by Rs 2.4 crores for the same reason.

However, for Bata as a whole, margins have improved. Gross margin is up from 1.9% to 2.9% and net margin has nearly doubled at 1.1%. Earnings per share (EPS) have improved from Rs 1.34 to Rs 3.44. The company has stepped up dividend by 5 points to 15%.

The debt-equity ratio has risen from 1.48 to 1.9. This should push up interest costs in the years to come. During 1989, the company added Rs 3.39 crores to its gross block, renovated its retail outlets, installed an effluent treatment plant at its Bihar plant and modernised its Bangalore factory.

Compared with Carona, Bata's indicators are rosier. During the year ended 31 December 1989, Carona's sales were higher by 15.6% at Rs 57.47 crores. As per the unaudited results, Carona's gross profit has dipped by 62% and net profit has been lower by 55%. Against Bata's gross margin of 2.9% and net margin of 1.1%, Carona's gross margin is low at 1.5% and net margin at 0.8%.

Carona's EPS of Rs 0.64 discounts its market price of Rs 36 (ex-dividend) by 56 times against Bata's P/E ratio of 20 (market price: Rs 70). Bata's 1990 high and low are Rs 82 and Rs 64 respectively. Two-fifths of Bata's equity is held by Leader AG of Switzerland. The company last declared a bonus in 1987 in the ratio of 1:1, when the book value was Rs 48. If the upward trend in profitability is maintained, the company may consider a reasonable bonus at the end of the ongoing year.

NESTLE INDIA

UNEXCITING FUTURE

Nestle India Ltd (NIL), formerly Food Specialities, is the maker of the Nescafe brand of coffee, Maggie noodles, ghee, babyfood and milk products. It has registered a 23% rise in gross sales at Rs 256.31 crores for the year ended 31 December 1989. With higher depreciation and tax liability, the company's bottomline holds no promise of any significant improvement in the future.

Gross revenue has risen to Rs 258.80 crores. Operating profit has moved up by 17% to Rs 34.46 crores. With not much of a rise in interest cost, thanks to the conversion of debentures at a high premium of Rs 50 per share, the gross profit has risen by 23% at Rs 27.01 crores.

Additions to gross block have been substantial, largely due to the new coffee factory coming up in Mysore and the expansion of the Moga plant. Little wonder that the company's depreciation charge has increased substantially by 68.6% to Rs 9.22 crores during the year. Thus, pre-tax profit has risen by a lower 7.6%. Tax liability has increased by 26.4% to Rs 3.14 crores and with the tax ratio moving up from 15.1% to 17%, post-tax profit increased by a lower 4.2% at Rs 14.63 crores.

Exports have grown by 30.9% at Rs 12.15 crores. Coffee exports in particular, have moved up by 325% to Rs 4.08 crores. With lower cash assistance on these exports, other income has declined by 3.1% to Rs 2.50 crores.

Milk products account for about 50% of Nestle India's total sales and the balance is accounted for by coffee (20%), other soluble food beverages

NESTLE

(Rs crores)

	12 months ended 31 Dec 89	12 months ended 31 Dec 88
Gross revenue	258.80	210.27
Gross profit	27.01	22.01
Profit after tax	14.63	14.04
Equity capital	36.62	19.20
Reserves	38.15	27.63
Gross profit margin (%)	10.44	10.47
Return on net worth (%)	19.57	29.98
Dividend (%)	30.00	25.00
Earning per share (Rs)	4.00	7.31
Book value per share (Rs)	20.45	24.39

Source: Annual reports

(23%) and surplus fat (7%). Sales of surplus fat have shot up by 157% to Rs 15.57 crores, thanks to a 105% rise in its sales volume and a 25% rise in its average sales realisation per tonne.

Despite stiff competition from Brooke Bond and Gold Cafe, the sales volume of Nescafe increased by 16% at 3,514 tonnes. Sales realisation per tonne was also higher by 12% at Rs 1.46 lakhs. Sales volume of milk products rose by a lower 3.8%.

The ratio of raw material cost to sales, at 60%, was marginally higher by 1.6%. Advertisement expenses were up by 32% at Rs 12.47 crores. Diesel and coal, power and fuel costs surged up by 58.6% to Rs 11.01 crores.

Equity capital has increased from Rs 19.20 crores to Rs 36.62 crores following the conversion of debentures and a 3:5 bonus. On conversion, a sum of Rs 18.43 crores has been added to the share premium account.

Margins, however, continue to be under pressure. Gross margin has declined from 6.67% to 5.65%. The enlarged equity base has pushed the EPS down from Rs 7.31 to Rs 4. The 30% dividend works out to an effective 39% on the pre-bonus capital. Thus, the payout has gone up from 34% to 61%.

Of the total paid-up capital of Rs 36.62 crores, bonus shares account for 78%. With the enlarged equity base, the company may, in future, prefer to pay higher dividends instead of resorting to the issue of bonus shares. Currently, the share is quoting at Rs 121.25 and this discounts its EPS by about 30 times. The scrip's 1989-90 high and low are Rs 227 and Rs 100 (cum-bonus) respectively.

Considering the food industry's average P/E ratio of 26, HMM's 24 and Cadbury's 22 times, the Nestle scrip seems fully-priced now.

■ *M.C. Ved*

CAN YOU SEE STEEL IN THE MAJESTY OF THIS PORTABLE SHRINE ?

The discerning eye can see beyond the obvious. Far beyond the greatness of the intricate architecture of this portable shrine, made on the 13th day on the dark half of the month of Karttika in the year 1879. The shrine stands on a pedestal base which has intricately carved images of Rama, Vishnu and Lakshmi at the centre, and Hanuman. Above these are the elephant god Ganesha and Shiva. The glass and gold insets depict various Hindu deities including the avtaars or incarnations of Vishnu.

Centuries have rolled by. Monuments great and small have come to adorn our land. The men who made these aesthetic masterpieces possible were the anonymous artists in league with the blacksmith. It was that forgotten furnace which forged steel tools and implements, however crude and archaic. Thus, the backbone of such sweeping-creativity was, as always, technology. In a word, steel forging. And centuries of steel forging in India is today reaching a technological zenith with POWMEX STEELS.

POWMEX is emerging as Asia's first plant to produce High Speed Steel and Super High Speed Steels through Powder Capsule Forging Technology.

POWMEX, in collaboration with the world leader, BOHLER of AUSTRIA, is setting up a Rs. 700 million high tech plant near Titlagarh in Orissa. This will put the Indian High Speed Steel on par with the finest available in the world. POWMEX product mix includes both Tungsten and Molybdenum High Speed Steels of various sections in rounds, flats and squares and are indispensable for making drills, reamers, dies, forming tools, punches, special bearings etc. The tools made out of Super High Speed Steels will bring about a sea change in their durability and quality turning out better components.

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POWMEX

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POWMEX-Redefining the future of High Speed Steel.

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STEADYMONEY

BONANZAS FROM BOI

Bank of India (BoI) Mutual Fund has launched its two maiden schemes of 'BoInanzas' — the Rising Monthly Income Scheme (RMI-60) and Double[2] Plus. This article will focus on RMI-60, a five-year close-ended scheme.

The scheme is basically a regular income plan under which an investor will get 60 post-dated monthly income warrants with interest rising from 12% per annum in the first year to 13.5% in the fifth year. However, the original investor has the option of switching over to the growth plan before the third year. The growth plan is a cumulative scheme, under which a lumpsum amount not less than one-and-a-half times the invested amount will be paid to him on maturity. Besides, investors will get a minimum bonus of 1% of the face value of BoInanzas at the end of the scheme.

Investors can switch from one plan to the other any time within the first 19 months. BoInanzas have a face value of Rs 100 each and the applications can be made for a minimum amount of Rs 5,000 and in multiples of Rs 1,000 thereafter. There is no upper limit. Investors are guaranteed full allotment.

BoInanzas under the scheme can be purchased by adult Indian residents, singly or jointly, in their own names or on behalf of minors, Hindu undivided families (HUFs), companies/bodies corporate registered in India, authorised trusts, and societies, and non-resident Indians (NRIs)/persons of Indian origin.

While NRIs/persons of Indian origin can also apply from their external rupee accounts subject to RBI approval, the investment can be made only on a non-repatriation basis. In case of HUFs, the *karta* acting on behalf of the HUF will have to apply. When an application is made under a power of attorney, its certified copy must be lodged with the application. Partnership firms and foreign nationals can't apply.

An investor in BoInanzas would be entitled to s.80L and wealth tax benefits. However, for investors exercising the growth plan option, the benefit under s.80L will be available for the first 24 monthly income warrants only. The difference in lumpsum amount received at the end of the scheme and the invested amount will be treated as long-term capital gains in the hands of the investor and will be exempt from capital gains tax upto Rs 10,000. Capital gains tax will be charged at the rate of 60% on the balance amount. Only first-named applicants can get tax benefits.

BoInanzas are fairly liquid as they have loan, repurchase and transfer facilities tagged along. Loans upto 75% of the face value of BoInanzas can be got from branches of the BoI. NRIs and individuals of Indian origin can also take loans subject to RBI regulations. Pledging of these certificates with banks and financial institutions is permitted.

A repurchase facility will be made available after two years only to those investors who opt for the income plan throughout the period of the scheme. BoInanza certificates are transferable and therefore can be sold to another eligible holder. But this is allowed only two years after allotment.

Period (Months)	Monthly income payable	Effective yield
1-12	12% pa	12.68% pa
13-24	12.5% pa	13.24% pa
25-36	12.75% pa	13.52% pa
37-48	13% pa	13.80% pa
49-60	13.5% pa	14.37% pa

Apart from a 1% bonus at the end of the scheme, an investor in RMI-60 shall get an assured monthly income (and effective yield compounded on monthly basis) on a rising scale as given in the accompanying table.

For investors opting for the growth plan, the effective yield works out higher than even the compounded rate of return under the monthly income plan.

How good is the scheme? The monthly income account scheme (MIS) operated through post offices carries 12% annual interest payable monthly and has a maturity period of six years as compared to five years for BoInanzas. On the completion of this period, the deposit amount along with a bonus of 10% of the amount is returned under the MIS Scheme as against 1% under the BoI scheme. The income received under both these schemes is eligible for s.80L benefits. But while income is pegged at 12% under MIS, it rises to 13.5% under BoInanzas. Both the schemes are equally secure.

Many public limited companies offer 14% interest on monthly basis, for periods ranging from two to five years. However, as interest from company deposits is not eligible for s.80L benefits, BoInanzas may fetch a higher effective return for those taxpayers who have not already utilised this benefit to the full.

■ *M.D. Mukhi*

The author is the president of the merchant banking division of Batlivala & Karani.

IN A NUTSHELL

Scheme: A five-year close-ended scheme with an option to switch over, after two years, from the monthly income plan to the growth plan.
Options: (a) Under the monthly income plan, an investor gets 60 monthly income warrants with interest rising from 12% per annum during the first year to 13.5% during the fifth year; (b) Under the growth plan, after the third year a lumpsum amount not less than one-and-a-half times the invested amount will be paid on maturity.
Bonus: Not less than 1% of the invested amount on maturity.
Face value: Rs 100.
Minimum & maximum amounts investible: Minimum Rs 5,000; no maximum limit. Cheques are payable to "BoI Mutual Fund — RMI-60."
Eligibility: (1) Adult individuals; (2) Minors through parents/guardians; (3) HUFs; (4) Companies/bodies corporate; (5) Eligible trusts and societies; (6) Non-resident Indians on a non-repatriation basis.
Tax benefits: (1) No deduction at source; (2) Wealth tax exemption upto an overall limit of Rs 5 lakhs; (3) S.80L benefit for the monthly income plan; (4) Capital gains tax exemption upto Rs 10,000 for the growth plan.
Other features: (1) Loan, transfer and repurchase facility; (2) Nomination not allowed; (3) Allotment assured to all applicants; (4) Incentives for early subscribers — Rs 15 per Rs 1,000 for applications made before 14 July; Rs 10 for applications made between 16-31 July; Rs 5 for applications made between 1-16 August. The schemes closes on 31 August.

ROYAL BLUE CHIPS

Bluest of the blue chips. Any portfolio worth its salt should have them. Conservative financial institutions and mutual funds too fancy them. For their proven intrinsic investment qualities endear investors across a wide spectrum. It is not just the glamour that makes them so attractive.

More so as most of the companies that qualify as the bluest of the blues are well diversified. Century Textiles & Industries is just one example. The company has spread its activities from its bread and butter business of textiles into cement, shipping and chemicals. Diversified or not, managerial excellence is one common thread that runs through all of them.

Creditable as they have achieved excellence in the face of odds. Over the years these thorough-breds have successfully fought their competitors, weathered government controls, survived and grown despite MRTP restrictions and forged ahead inspite of not-so-friendly parties in power. Conscious and continuous upgradation of technology is certainly one secret behind their success.

CAUTIOUS FORAYS

These companies could have easily gone the Ambani way. What has kept them on the right track is their calculated and cautious forays into the capital market, raising equity only when it is absolutely essential. Most of them have kept their hands off institutional loans, convertibility clauses and nominee directors. In brief, they are an investor's delight. For they have consistently rewarded the shareholders with bountiful dividends, bonus and right shares. They are certainly the shares one can always bank upon.

The hall of fame of the bluest of the blue chips will include scrips such as Tisco, Telco, Hindustan Lever, Bajaj Auto, and Gujarat State Fertiliser Co.

The hall of fame of the bluest of blue chips includes Tisco, Telco, Century Textiles, Hindustan Lever, Bajaj Auto and GSFC

Tisco is on the verge of a massive expansion and the shareholders in the past have been well rewarded. After the decontrol of steel, the company has not had a chance to look back. It has announced a slight dip in profits for the year ended 31 March 1990. And with Tisco's equity capital at Rs 230.14 crores, the EPS works out to Rs 8.90 (Rs 6.71 per share last year). However the future prospects are bright and at Rs 118.50 (28 June), the share is as strong as the steel it produces.

Telco announced its exciting results for the year ended 31 March 1990 recently. Dividend has been raised by five points to 30%. The company is about to launch a rights issue of convertible debentures aggregating to Rs 311 crores. Tisco is doing well in the current year and with the proposed launch of its new products its turnover for the year is expected to touch Rs 2,500 crores. A bonus is long overdue and at Rs 157 the share is a steal.

Century Textiles & Industries is another prospective bonus candidate. On an equity capital of Rs 26.62 crores, the company showed a net profit of Rs 67.53 crores last year, which works out to an EPS of Rs 202.93. The company's greatest strength is its diversified range of activities and is an excellent buy even at Rs 3,550.

Hindustan Lever is one difficult-to-ignore candidate. Not just this company, all other companies in the group — **Brooke Bond, Pond's Lipton** and **Tea Estates** — are blue-blooded and are performing very well. The company has a paid-up capital of Rs 93.32 crores and has achieved a turnover of Rs 1,011.14 crores during the year ended 31 December 1989. Sharp focus on rural markets should help the company further during the current year. The company has paid regular dividends and has proposed a dividend of 35% for the above period. The share is currently quoted around Rs 124. Ponds is probably among the most investor-friendly shares and Lipton has all the potential to blossom like others have done in the group. Ponds is currently quoted at Rs 241.50, Lipton at Rs 79 and Tea Estates at Rs 151.25.

Gujarat State Fertiliser Co (GSFC) is another diversified company. A good monsoon will boost the bottomline and thus the future looks very bright. Also overdue is a bonus issue. During the financial year ended 31 March 1989 the company achieved a turnover of Rs 682 crores and earned Rs 11.60 per share. On the anvil is an expansion project and the possibility of a rights and a bonus is not very far off. At Rs 198.75 it is a good pick.

The list is however not exhaustive. Nor permanent, as one potential member **Larsen & Toubro**, which lost its place almost overnight, is any proof.

■ *L.V. Sharma*
The author is a Bombay-based investment consultant.

CORPORATE ENTERPRISE IN THE 1990s

A FRESH LOOK AT THE TRUE VALUE OF PRODUCTS.

The new decade heralds the beginning of a new relationship between the corporation and its customer. A relationship where more will be demanded of the corporation — and more given.

It is a relationship that calls for every enterprise to give of its fullest — to abandon half-measures and work steadily and sincerely for the common good.

And it is a relationship that can only be sustained by constant evaluation: or in other words, a perpetually fresh look at the true value of products.

Perspectives on product value The true value of products lies in the extent to which they fulfil the needs of the consumer. And today more than ever, it is imperative that the entire corporate machinery should be geared to determining the extent of this fulfilment.

Does the product perform optimally in its socio-techno-economic environment? Going further, what after-sales support inputs can we, the manufacturers, provide? What are the special accessories that will extend its range of functions? And going beyond product development itself, is there a need-gap in the market that we are in a position to fill with a new product?

In the 1990s, the corporation will be judged on how successfully it has explored and answered these questions.

Escorts in the 1990s From its inception, Escorts has acknowledged the importance of research and development. And today, we are fully prepared to meet the challenges of the 1990s.

Our R&D endeavour has been in tandem with some of the finest engineering think-tanks of the world: among others, AVL of Austria and Ricardo of the UK. And we have made extensive investments in R&D, the most visible manifestation of which is the multi-crore Escorts Research Centre.

Beyond manufacture, we have forged a closely-knit relationship with our dealers and customers—a relationship that is admired and emulated. And through our village adoption and afforestation programmes and the Escorts Medical Centre and the Escorts Heart Institute & Research Centre, we have sought to improve the way of life around us.

Today, with 22,000 employees, 16 modern manufacturing plants and a turnover of nearly Rs. 800 crores, Escorts is among India's top ten engineering corporations.

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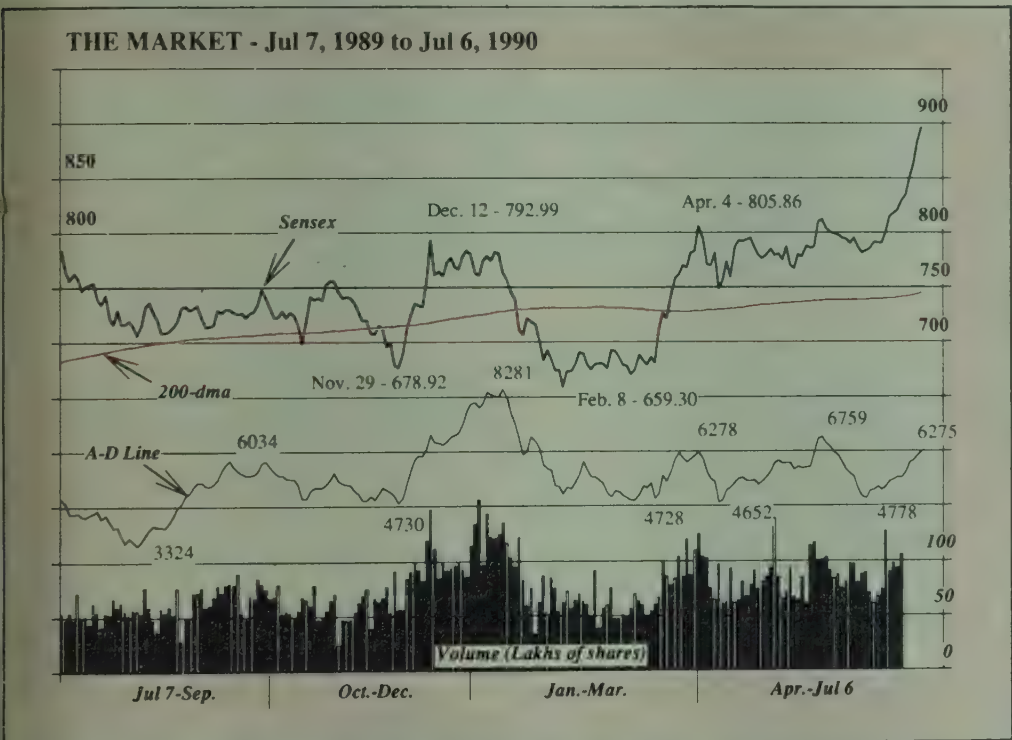
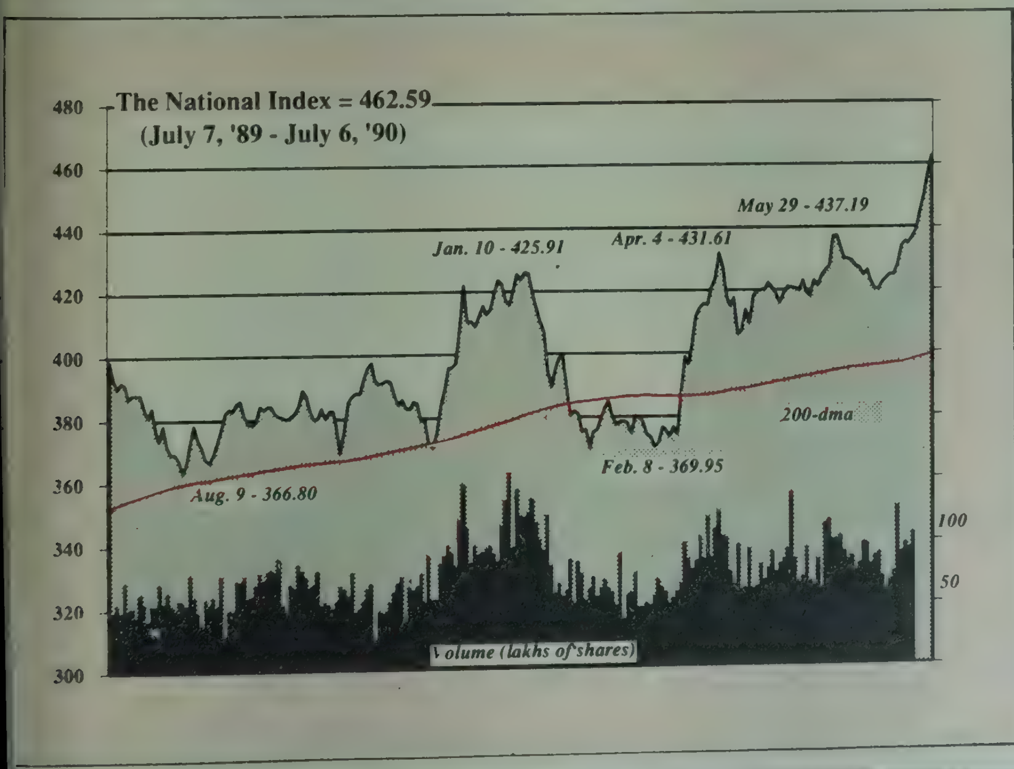
BULLS REIGN

Dalal Street experienced one of the most bullish fortnights in recent times as the Sensex (the BSE Sensitive Index) shot up from its 22 June close of 814.72 to 896.25 on 6 July — a gain of 81.53 points. The market rose practically every day during the fortnight, and both indices stood at their best closing values yet. The National Index (NI), however, was not as speedy as the Sensex. It gained a relatively modest 29.02 points in appreciating from 433.57 to 462.59. Both indices recorded their intra-day highs on 6 July — these being 910.73 for the Sensex and 462.59 for the NI.

The 200-day moving averages (200-DMAs) for the indices are now beginning to reflect the effects of the persistent high levels of the indices by developing a distinct upward tilt. Around January-March earlier this year, the Sensex had, in fact, turned down for a short while. Over the fortnight, the 200-DMA for the Sensex went up from 739.50 to 744.19, while that for the NI from 396.71 to 399.32.





The general interpretation of these long-term averages is that they rise during bull phases and decline during bear markets. Many technical analysts use the crossing of a 200-DMA by the indices as a warning of an impending long-term change in the market. Applying these notions to our market, we find that the Sensex went under its 200-DMA on three occasions during the last year (see charts) while the NI did so twice. On each occasion the indices rose above these averages shortly thereafter, rendering the earlier bear market signals false. This happened because the market had gone quite flat, confining itself to a trading range around 650-800 on the Sensex.

As far as the 200-DMAs are concerned, the safest interpretation for the moment would be that as long as they keep rising with the indices well above them, we can assume that the market is still going through its bull phase.

As had been mentioned in earlier issues, the volume figures have not been confirming the bullishness of the situation. This was on account of the tendency for volumes to rise on market declines and fall on market rises. The situation changed suddenly during the fortnight to 6 July with volumes finally favouring rises over falls. Further, volumes have begun to approach levels reached during the December-January top. It would thus appear that bulls really got into the market around 25 June.

The only indicator which is still not convinced about the bulls being in command is the Advance-Decline (A-D) Line. The A-D line inched up only as far as 6,275 while the indices were shooting through the roof. This is well below the 8,281 peak seen in early January, and also below the minor peak of 6,759 reached last month. The reason: the rise, though dramatic, has been confined to only a handful of leading stocks. **Tisco** and **Reliance** had a very significant role in this rise. However, this situation is likely to continue for a while as both the stocks have bottomed out and gone into an

uptrend. Both are now above their 200-DMAs; in the case of Reliance after nearly a year-and-a-half.

The strategy most likely to succeed in such a market would be to play for the short term (a few days) or intermediate term (a few weeks). An in-and-out trader, if he reads the swings right, is likelier to outperform a buy-and-hold investor at the current levels. The best stocks to buy for the short term would be those that have made new highs, and that too only after declines.

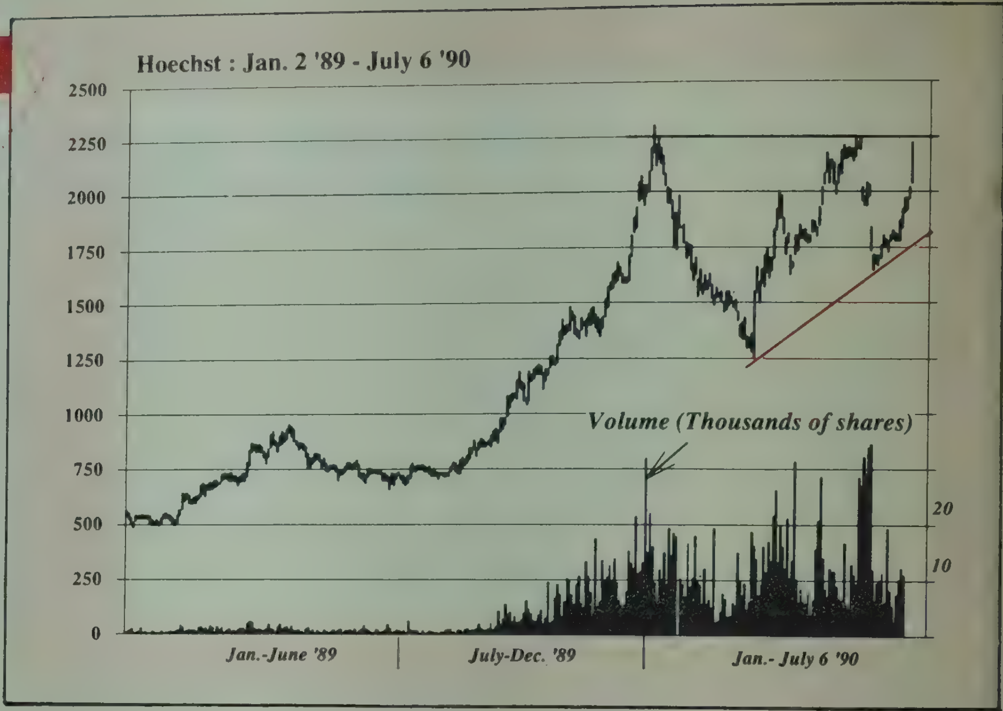
After a rise, such as the one seen by the market, a corrective decline is a certainty once the market becomes "overbought." This may have happened, going by the contango rates during *badla* trading on 7 July.

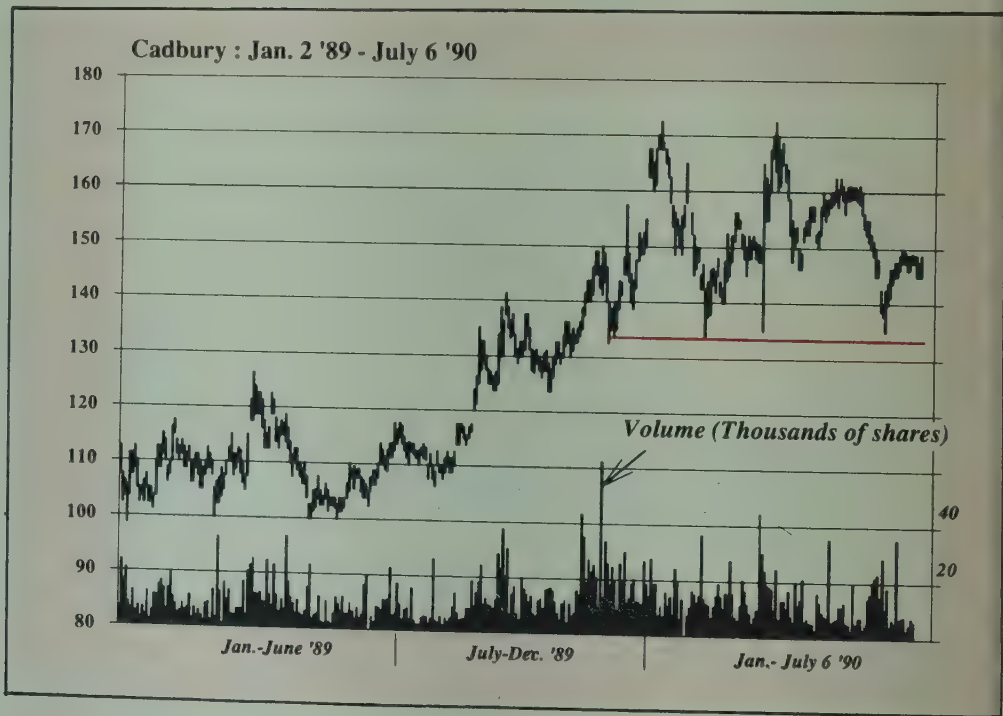
The rates were up to about 24%, the highest seen during the last few months. Hardly any scrips attracted backwardation, indicating that long buyers were dominating the market. Further, several stocks (and the indices) may have made "key reversals." This is a situation where the market shoots up to peak around the middle of the session, and a reaction follows, which takes price levels back to the start of the day or even lower. For example, on 7 July the Sensex had opened at 902, gone up to 910 only to close at the day's lowest level of 896.25. Many individual stocks showed similar movements, most notably Tisco, Reliance, ITC and Indrol. Last, but not least, the institutions unloaded heavily on that day. This has in the past ended rallies quite convincingly. If this is indeed the start of a reaction, we may soon see the Sensex closing in on the 800-mark once again, though from a different direction.

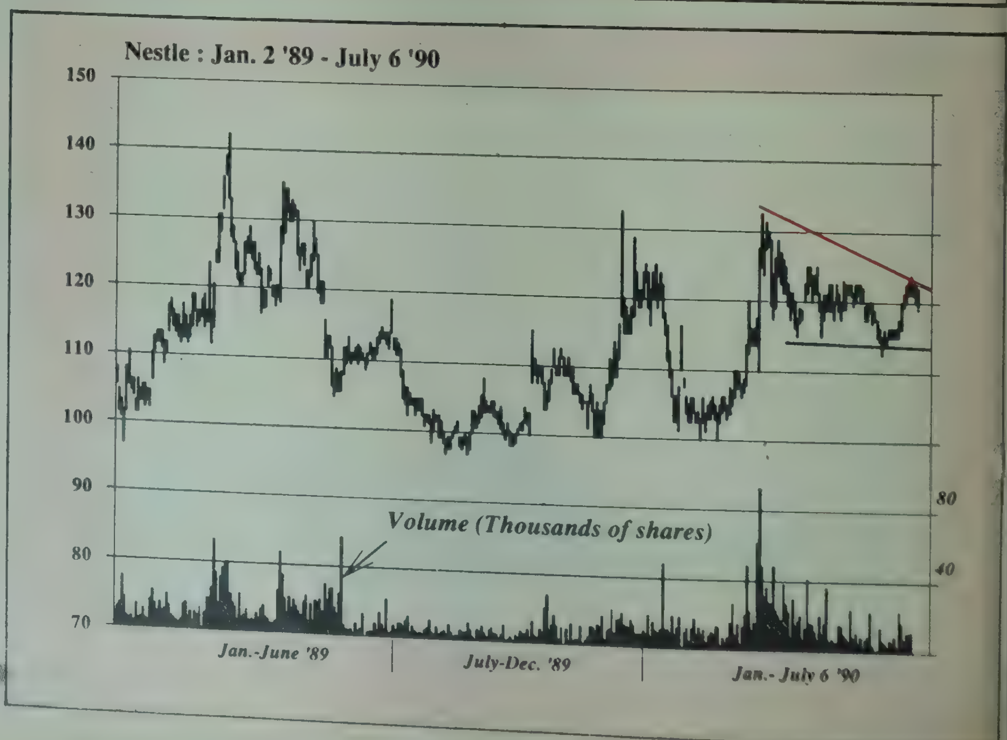
Finally, a look at some charts. **Cadbury** and **Nestle** have not done too well during this rise, and one or both of them would be testing their support levels once again. Their inability to catch up with previous rally tops appears bearish in the short run. **Hoechst**, on the other hand, is in an ascending triangle. As long as the supporting trendline holds during the next correction, it may be a buy for the next rally. With its huge swings, this is a profitable stock for short-term trading.

■ *Deepak Mohoni*

The author is a director of Midas Vision, which deals in software and computer graphics..







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VITAL STATISTICS

Company (The figures following the company name indicate face value and market lot in that order)	Eq Cap RsCr	Free Res RsCr	Revl Res RsCr	Book Value Rs	Gross Sales RsCr	Other Inc RsCr	Gross Profit RsCr	GrPr Mgn (%)	PAT RsCr	Adj PAT RsCr	Cash Earn RsCr	EPS Rs	Ret/ Net Worth (%)	Div (%)	Pay Out (%)	Mkt Price 5July	P/E Multiple	Last Bonus Ratio	Last Bonus Year	Bonus % in Cap	MarketPrice 1989 High Rs	MarketPrice 1989 Low Rs	MarketPrice 1990 High Rs	MarketPrice 1990 Low Rs	Yield on Mkt Price (%)	Price to BkVal Times
AbacusComp(10/100/d)	1.4	0.2	0.0	11.3	10.2	0.1	0.45	4.3	0.26	0.29	0.37	2.27	12.9	8.0	48	14.00	6.16	0.00		0	10	4	NA	NA	6.99	1.24
AbanLoyd(10/100/e)	4.0	0.9	0.0	12.3	13.9	0.0	3.65	26.2	1.12	1.12	3.44	2.82	23.0	10.0	28	40.50	14.36	0.00		0	41	14	48	37	1.93	3.30
AbbotLab(10/50/g)	2.3	2.6	0.0	21.5	34.5	0.3	0.69	2.0	0.22	0.97	0.58	1.30	3.4	0.0	NA	32.50	24.93	89:1	80	40	73	38	55	32	NA	1.51
ACC(100/5/a)	56.0	81.3	0.0	245.3	537.2	16.3	26.89	4.9	-5.64	-23.61	18.71	-6.72	-6.2	0.00	NA	667.00	NA	1:5	86	33	374	230	667	229	NA	2.72
AdvaniOer(10/100/b)	7.0	8.9	2.6	22.7	122.0	1.8	4.57	3.7	0.84	0.90	3.37	1.80	3.0	10.0	117	17.00	9.44	1:1	86	46	18	8	19	15	8.82	0.75
AlembicChem(100/5/c)	4.1	9.1	7.2	319.7	84.2	1.7	3.55	4.1	1.70	1.74	3.23	34.39	10.0	18.0	36	270.00	7.85	1:3	66	18	450	260	440	270	5.57	0.84
AlfaLaval(10/50/d)	7.8	19.0	0.0	34.3	68.2	4.3	9.86	13.6	7.77	7.77	7.86	12.42	23.2	20.0	17	140.00	11.27	1:2	89	63	140	72	140	95	1.19	4.08
AmalRasayan(10/50/e)	1.5	2.5	2.3	26.6	22.4	0.4	3.60	15.8	2.35	2.35	3.42	15.88	37.5	25.0	16	47.00	2.96	0.00	–	0	148	19	83	44	5.32	1.77
AmritBan(10/100/e)	2.1	13.9	6.9	77.3	221.7	3.4	6.01	2.7	-0.81	0.93	6.01	-4.11	-3.7	10.0	24	42.50	NA	1:1	89	39	118	80	56	38	2.39	0.55
AntifricBear(10/100/e)	3.2	6.0	0.0	28.6	41.9	1.1	6.05	14.1	2.67	2.68	4.60	8.08	28.3	20.0	25	66.00	8.17	1:2	81	23	60	9	74	60	3.05	2.31
AP Paper(100/5/f)	5.6	6.8	0.0	220.1	69.7	1.1	3.97	5.6	2.21	2.21	3.97	29.44	23.8	0.0	NA	940.00	31.93	1:4	80	20	830	67	1100	625	NA	4.27
AppleInds(10/50/b)	3.8	1.9	0.0	15.1	11.3	0.1	4.38	38.6	2.53	2.41	4.05	10.12	29.8	23.3	54	36.00	3.56	0.00	–	0	35	12	NA	NA	9.70	2.39
ArvindMills(10/50/d)	7.1	34.6	0.0	58.5	190.0	5.8	10.16	5.2	3.95	5.14	9.46	6.92	7.6	24.0	32	55.00	7.94	1:3	86	55	44	25	58	48	4.21	0.94
Asea Br Bv(10/50/h)	5.3	16.6	8.9	41.4	139.2	4.9	4.52	3.1	3.10	3.51	4.21	5.38	11.0	25.1	34	81.25	15.10	1:3	78	30	910	600	NA	NA	2.82	1.96
AsianBearings(10/50/e)	7.4	3.6	0.0	14.8	15.5	0.9	0.61	3.7	-1.54	-0.61	0.14	-2.07	-14.0	0.0	NA	16.00	NA	0.00	–	0	NA	NA	NA	NA	NA	1.08
AsianCab(10/50/e)	5.6	7.3	6.2	23.1	65.4	3.6	5.19	7.5	2.49	3.62	4.69	3.81	11.2	12.0	21	31.00	8.14	1:3	81	25	72	26	38	27	3.87	1.34
AsianPaints(10/50/d)	12.4	41.0	0.0	43.0	272.1	1.7	24.25	8.9	15.12	13.49	18.25	15.12	22.5	33.6	39	233.75	15.46	1:2	87	86	231	161	255	208	1.80	5.44
Assam Co(10/50/f)	7.0	26.0	0.0	47.2	46.1	0.9	12.48	26.6	8.81	8.81	9.98	9.44	35.6	66.7	40	117.50	12.45	1:1	89	50	138	65	149	117	4.26	2.49
Astra-IDL(10/50/f)	2.5	3.0	0.0	21.9	14.0	0.2	1.47	10.4	0.92	0.92	1.23	2.76	22.4	13.3	27	45.00	16.30	0.00	–	0	55	24	48	38	2.22	2.06
AtlasCopco(10/50/d)	7.3	7.8	0.0	20.7	56.7	3.0	2.69	4.5	0.70	0.59	2.39	1.21	3.7	8.0	124	40.00	33.14	1:2	87	82	57	32	49	33	2.52	1.93
AtlasCycle(10/50/f)	1.2	7.6	7.0	76.3	76.8	1.7	2.02	2.6	1.10	1.10	2.02	6.98	9.1	20.0	16	77.50	11.11	1:2	87	80	150	80	80	70	1.91	1.02
AveryIndia(10/50/d)	4.2	11.9	0.0	38.3	44.0	0.9	9.27	20.7	4.02	4.07	4.87	11.96	20.0	28.0	36	110.00	9.19	2:5	84	58	169	93	124	109	3.18	2.87
A.Sarabhai(10/50/e)	18.8	23.1	0.0	22.3	134.8	2.6	4.78	3.5	3.39	2.40	4.61	1.81	8.1	0.0	NA	15.00	8.31	1:5	82	17	26	12	26	11	NA	0.67
BajajAuto(10/50/f)	18.8	346.6	0.0	194.3	599.5	24.7	72.97	11.7	30.50	30.40	68.47	12.16	11.1	46.7	22	493.75	40.60	1:1	87	95	453	290	494	355	0.71	2.54
BajajElec(100/5/f)	1.9	6.6	2.9	443.8	70.0	2.3	2.99	4.1	1.65	1.55	1.90	64.45	19.2	33.3	15	825.00	12.80	1:1	89	50	1450	600	825	540	1.52	1.86
BajajHind(100/5/a)	5.6	23.0	39.9	510.0	75.1	1.5	4.04	5.3	0.60	1.33	3.30	7.14	1.3	18.0	50	560.00	78.40	1:4	86	95	600	380	560	360	2.14	1.10
BajajTempo(10/50/b)	6.6	30.8	0.0	56.7	259.1	4.8	27.73	10.5	3.65	3.73	27.48	8.30	6.5	13.3	35	158.75	19.14	1:1	86	87	152	100	159	118	1.26	2.80
BakeliteHyl(10/50/f)	4.5	10.1	9.4	32.4	55.8	2.2	3.57	6.2	1.66	1.88	3.07	2.77	9.2	18.7	34	40.00	14.46	2:3	80	78	61	24	49	29	3.50	1.23
BallarpurInds(10/100/f)	21.0	66.2	187.5	41.5	364.6	8.1	28.05	7.5	11.65	11.70	25.70	4.11	5.6	24.0	33	167.50	40.80	1:2	89	74	225	64	168	112	1.07	4.03
BarodaRayon(100/5/f)	18.0	32.4	0.0	280.0	132.9	1.0	18.25	13.6	11.30	11.33	16.15	46.74	29.7	20.0	17	987.50	21.13	1:2	82	23	837	285	988	618	1.09	3.53
BASF(10/50/d)	4.3	11.1	2.6	36.2	84.6	5.3	10.32	11.5	3.63	3.47	6.39	10.59	16.0	20.0	26	160.00	15.10	1:2	88	56	155	102	163	123	1.32	4.43
Bata(10/50/e)*	10.5	17.5	0.0	26.7	259.0	0.4	4.81	1.9	1.41	2.46	3.36	1.34	5.0	10.00	43	72.00	53.62	1:1	87	93	159	52	82	64	1.39	2.70
Bayer(100/5/d)	16.2	15.6	0.0	196.0	162.3	2.3	17.71	10.8	9.32	9.25	12.10	71.82	23.5	24.0	53	800.00	11.14	1:1	87	78	910	580	880	775	3.75	4.08
BergerPaints(10/100/f)	3.8	9.9	3.3	36.0	65.9	0.6	1.46	2.2	0.94	0.94	1.32	1.86	7.4	26.7	30	42.50	22.91	1:1	88	52	76	37	53	38	1.73	1.18
Best&Cromp(10/50/e)	7.1	19.1	2.3	37.0	145.4	2.5	2.81	1.9	0.53	0.53	1.98	0.73	1.8	10.0	90	38.00	51.74	3:5	82	27	96	31	59	36	1.75	1.03
BhadrachalamP(10/50/b)	10.6	19.8	0.0	28.8	101.1	0.7	12.08	11.9	6.01	6.94	10.87	8.40	13.0	23.3	54	82.50	9.82	0.00	–	0	121	31	124	80	4.24	2.87
BharatForge(10/50/b)	14.2	25.7	0.0	28.1	235.1	12.8	22.07	8.9	12.33	12.84	19.32	12.99	20.6	25.0	21	102.50	7.89	1:1	88	61	202	65	103	85	1.81	3.65
BharatVijay(100/5/d)	2.8	10.9	6.8	493.1	78.4	1.7	6.92	8.6	3.96	3.81	7.25	178.70	15.5	20.0	18	600.00	3.36	1:6	83	54	895	525	600	480	4.15	1.22
BiharAlloy(10/50/d)	8.2	0.9	0.0	11.1	113.1	1.4	6.12	5.3	2.84	2.77	5.96	4.10	23.6	0.0	NA	21.00	5.13	0.00	–	0	51	32	40	21	NA	1.89
BimetalBearings(10/50/f)	1.9	10.9	0.0	67.1	16.9	0.5	4.33	24.8	2.16	2.16	3.08	8.48	22.5	36.7	25	97.50	11.50	1:1	89	52	145	41	100	80	2.85	1.45
BindalAgro(10/50/e)*	14.9	42.5	0.0	38.6	103.7	2.7	8.52	8.0	7.53	7.53	8.52	5.07	13.1	50.00	24	37.50	7.40	0.00	–	0	120	22	80	41	3.30	0.97
BirlaJute(10/100/e)	20.4	168.0	0.0	92.5	401.8	15.9	31.16	7.5	11.04	11.04	29.06	5.42	5.9	18.0	33	95.00	17.53	1:1	86	86	74	40	95	52	1.90	1.03
BlueStar(10/50/f)	3.6	11.9	5.3	43.4	101.0	9.2	4.36	4.0	2.72	2.72	3.65	5.73	17.4	24.0	24	97.50	17.03	3:5	86	83	83	54	98	70	1.85	2.25
BombayDyg(10/50/e)	11.2	70.7	0.0	72.9	356.1	4.8	41.83	11.6	18.03	18.03	38.52	16.04	22.0	30.0	19	254.50	15.87	1:1	79	87	210	104	255	173	1.18	3.49
Boots(10/50/e)	8.1	8.8	0.0	20.8	61.0	1.7	8.49	13.5	4.43	3.86	5.57	5.47	26.3	23.0	48	97.50	17.83	1:1	87	86	148	100	138	90	2.36	4.68
Britannia(10/100/g)	18.6	22.0	0.0	21.8	355.4	8.5	20.54	5.6	10.99	10.99	12.84	7.89	20.3	24.0	36	121.25	15.37	1:2	89	89	140	82	122	52	1.76	5.56
BrkBond(10/50/e)#	44.2	39.8	0.0	19.0	539.4	12.3	51.91	9.4	27.99	28.66	6.98	6.20	32.7	30.0	46	115.50	19.03	4:5	89	83	156	76	117	92	2.60	6.08
BST (10/50/b)	3.7	1.5	9.2	14.1	49.6	10.2	-0.82	-1.4	-1.71	-1.47	-0.82	-7.22	-8.2	0.0	NA	6.00	NA	1:1	74	36	11	6	NA	NA	NA	0.43
CableCorp(10/100/d)	9.0	18.7	0.0	30.7	122.1	4.9	19.17	15.1	10.34	10.17	12.59	14.36	29.9	22.0	24	75.00	5.22	1:2	87	71	92	58	83	60	3.67	2.44
Cadburys(10/50/f)	8.4	12.1	0.0	24.4	67.5	0.8	8.08	11.8	4.45	4.47	5.78	3.97	29.0	33.3	47	145.00	36.49	1:1	87	80	157	98	173	134	1.72	5.95
Camphor&Allied(100/5/d)	2.6	8.2	0.0	415.0	35.9	0.4	6.13	16.9	3.81	3.78	4.73	183.17	28.2	20.0	17	62.50	0.34	1:3	82	53	355	123	NA	NA	40.00	0.15
Carborundum(10/50/e)**	5.9	21.1	5.1	45.7	64.2	1.6	11.52	17.5	5.72	5.72	7.92	9.66	17.8	25.00	26	81.50	8.43	2:5	87	83	NA	NA	108	75	3.07	1.78
Ceat(10/50/e)	14.8	75.4	26.1	61.1	410.2	11.0	42.29	10.0	21.35	21.27	27.79	14.46	18.4	30.0	21	92.50	6.39	1:2	86	37	180	91	160	74	3.24	1.51
Cemindia Co(10/50/b)	1.3	8.1	0.0	73.1	26.0	0.1	3.07	11.7	1.30	1.32	2.37	15.23	9.3	26.7	39	93.75	6.15	3:5	84	38	130	68	125	86	4.25	1.28
ChowguleStShip(10/50/e)	10.0	0.1	0.0	10.1	42.9	0.4	13.67	31.6	4.86	4.86	13.67	4.86	48.3	0.0	NA	24.00	4.94	5:2	77	35	20	3	34	23	NA	2.39
ClassicDia(10/100/d)	3.5	2.5	0.0	17.2	46.7	0.1	3.02	6.5	2.92	2.92	2.93	10.43	38.8	12.0	14	51.50	4.94	0.00	–	0	41	9	84	51	2.22	2.99
CochinRef(100/5/e)	68.5	82.2	0.0	220.0	1164.2	3.3	61.78	5.3	41.50	41.56	54.92	60.61	27.6	18.0	4	815.00	13.45	0.00		0	510	265	815	595	0.32	3.70
ColourChem(100/5/e)	7.9	13.4	0.0	268.8	101.5	4.6	6.46	6.1	3.02	3.66	5.41	38.04	14.2	22.0	48	615.00	16.17	2:5	80	84	700	410	825	575	3.58	2.29
ConFound(10/100/b)	0.5	1.2	0.0	32.5	5.2	0.1	0.97	18.2	0.10	0.81	0.95	2.88	3.9	20.0	20	28.00	9.71	0.00	–	33	NA	NA	NA	NA	10.99	0.86
CromptonGr(100/5/f)	9.6	39.1	28.5	507.0	320.2	3.0	14.82	4.6	7.75	8.91	12.52	60.55	13.4	24.0	19	1050.00	17.34	1:1	89	69	1425	600	1100	800	1.72	2.07

NOTE: The year 31 March for all above companies unless otherwise indicated. The accounting period in each case is, however, mentioned in the bracket following the company's name. a-8 months; b-18 months; c-10 months; d-15 months; e-12 months; f-9 months; g-16 months; h-11 months; i-14 months; j-17 months, k-13 months; l-7 months. (ended Dec88, ** ended Aug88, + ended Sep88, ++ ended Jul88).*

Where the accounting period is other than 12 months, the figures for EPS, return on net worth and dividend have been annualised.

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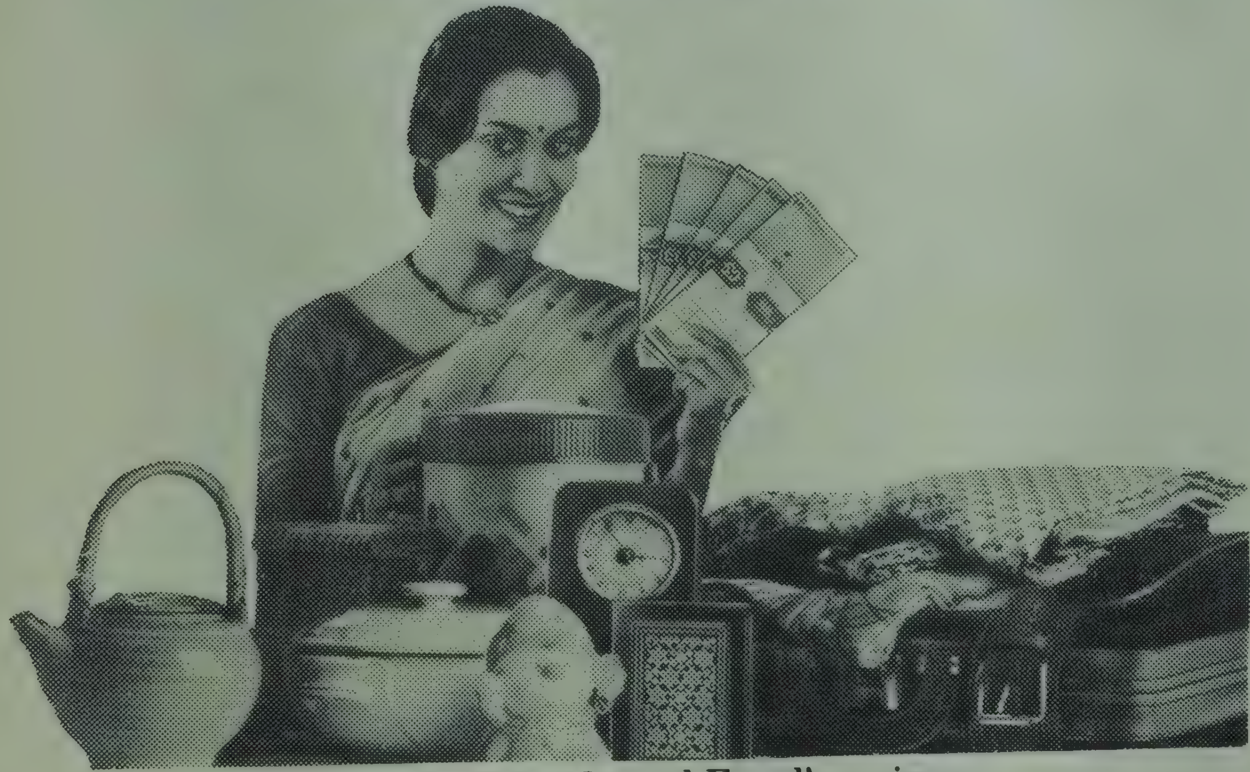

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INVESTMENT WORLD

VITAL STATISTICS

Company (The figures following the company name indicate face value and market lot in that order)	Eq Cap RsCr	Free Res RsCr	Revl Res RsCr	Book Value Rs	Gross Sales RsCr	Other Inc RsCr	Gross Profit RsCr	GrPr Mgn (%)	PAT RsCr	Adj PAT RsCr	Cash Earn RsCr	EPS Rs	Ret/Net Worth (%)	Div (%)	Pay Out (%)	Mkt Price 5July	P/E Multiple	Last Bonus Ratio	Last Bonus Year	Bonus % in Cap	MarketPrice 1989 High Rs	MarketPrice 1989 Low Rs	MarketPrice 1990 High Rs	MarketPrice 1990 Low Rs	Yield on Mkt Price (%)	Price to BkVal Times
Cyanamid(10/50/g)	5.3	9.8	0.0	28.6	64.1	2.0	5.87	8.9	2.96	0.55	4.79	7.52	14.8	15.0	191	99.00	13.17	9:4	79	74	108	55	115	86	2.02	3.46
DCM(10/100/f)	23.0	31.8	0.0	23.8	552.6	13.1	15.14	2.7	4.15	6.54	15.03	1.35	10.1	0.0	NA	50.00	36.98	4:5	71	61	85	31	60	47	NA	2.10
DCW(10/50/b)	5.9	20.4	14.8	44.6	170.3	3.8	7.88	4.5	3.85	3.85	7.38	9.80	6.2	21.3	29	71.00	7.24	1:1	88	67	44	25	71	40	2.63	1.59
DeepakFert(10/50/e)	14.8	11.1	0.0	17.5	45.9	2.3	16.26	33.7	6.96	6.94	14.68	4.54	25.9	18.0	40	29.50	6.50	0.00	_	0	52	23	39	26	6.10	1.69
DeepakNitrite(10/50/j)	2.4	5.7	9.3	33.3	39.6	3.4	5.42	12.6	2.08	2.72	4.35	12.13	8.4	25.0	25	97.00	8.00	2:5	85	81	54	27	105	80	2.88	2.91
DharamsiMor(10/50/d)	6.4	10.5	0.0	26.4	124.1	3.1	5.95	4.7	1.99	2.28	5.55	3.87	9.4	16.0	56	68.00	17.55	2:5	79	88	46	27	68	40	2.93	2.58
Dunlop(10/100/e)	19.0	64.8	94.6	44.1	407.7	10.3	32.06	7.7	9.99	9.99	23.24	5.24	5.6	30.0	57	58.00	11.07	1:3	76	54	100	61	75	53	5.18	1.31
Duphar (10/50/d)	1.8	3.2	0.0	27.2	31.3	1.0	1.84	5.7	0.77	1.25	1.65	5.23	12.3	14.0	20	57.50	10.99	1:3	88	74	85	38	70	40	2.36	2.12
EicherMot(10/100/h)	10.0	0.3	0.0	10.3	92.1	0.6	-2.74	-3.0	-3.42	-3.42	-2.74	-3.14	-36.4	0.0	NA	30.00	NA				17	9	30	16	NA	2.93
EIDParry(10/50/e)	6.3	14.5	13.3	33.1	206.7	27.3	15.40	6.6	9.42	9.42	12.59	15.00	27.6	25.0	17	92.50	6.17				72	34	93	72	2.70	2.79
EleconEngg(10/50/d)	5.7	27.0	0.0	57.7	150.0	1.4	13.11	8.7	3.27	3.25	10.94	7.23	8.0	16.0	35	70.00	9.68	3:5	87	61	85	50	88	66	2.86	1.21
ElgiEquip(10/50/h)	1.0	9.4	0.0	103.8	44.6	0.5	3.33	7.4	2.09	2.09	3.08	19.16	22.0	19.6	9	235.00	12.27	1:1	86	88	340	260	260	200	0.77	2.26
Enfield(10/100/f)	5.0	0.0	9.0	10.0	53.9	0.2	0.74	1.4	-1.36	-1.36	0.74	-2.25	-14.3	0.0	NA	18.00	NA	1:1	85	31	14	9	21	13	NA	1.80
EnglishElect(10/100/e)	9.0	18.2	0.0	30.2	60.9	1.1	4.88	7.9	2.46	2.46	3.51	2.73	9.1	7.5	28	76.50	27.99	1:1	87	75	72	47	77	56	0.99	2.53
Escorts(10/50/d)	33.9	91.0	23.7	36.9	759.0	24.4	32.81	4.2	18.00	18.31	29.40	6.64	9.7	22.4	48	96.00	14.46	3:5	86	57	84	58	100	78	2.70	2.60
Eskayef(10/50/g)	7.5	21.0	0.0	38.0	68.5	1.4	13.00	18.6	8.22	8.60	8.45	14.61	21.6	20.3	24	131.25	8.98	1:2	88	33	151	102	143	121	2.06	3.46
EssarShip(10/100/b)	46.1	47.8	0.0	20.4	142.9	1.5	45.49	31.5	19.39	19.52	43.34	6.28	13.7	20.0	68	34.25	5.45				35	16	37	26	8.37	1.68
EssenComp(10/50/h)	1.3	6.6	0.0	59.9	16.8	1.2	2.40	13.3	1.64	1.64	1.79	11.30	22.4	24.0	9	57.50	5.09	0.00	_	0	NA	NA	83	48	1.83	0.96
EverestBldg(10/50/d)	2.5	12.7	0.0	61.4	92.6	2.3	7.22	7.6	4.83	4.04	5.89	24.44	25.5	32.0	25	170.00	6.95	1:3	66	41	150	102	185	133	2.36	2.77
ExcelInd(10/50/b)	4.6	11.5	0.0	34.9	103.2	8.2	12.05	10.8	7.17	6.77	9.95	23.28	29.7	66.7	68	185.00	7.95	4:5	84	82	180	116	189	180	5.41	5.30
FerroAlloys(10/50/f)	5.5	29.9	0.0	641.8	158.6	3.7	22.43	13.8	12.50	11.30	19.15	169.84	47.0	26.7	10	66.25	0.39	1:2	80	43	1675	580	126	65	30.08	0.10
FinolexCables(10/50/g)	3.2	30.8	0.0	105.1	126.1	6.1	29.12	22.0	19.02	19.02	22.43	78.27	41.9	45.0	10	222.50	2.84	4:5	88	44	430	220	283	203	2.69	2.12
FinolexPipes(10/100/f)	9.0	9.9	0.0	21.1	38.3	1.6	2.32	5.8	1.82	1.89	2.32	1.18	16.5	25.7	11	32.00	27.07				51	44	65	32	0.73	1.52
GE Shipping(10/100/f)	64.9	57.9	0.0	18.9	111.9	2.4	45.06	39.4	22.74	23.46	40.68	2.63	24.7	16.0	28	41.50	15.78	2:3	81	36	53	33	55	42	2.48	2.19
GeneralElect(10/50/e)	7.2	27.9	0.0	48.7	149.3	2.4	7.23	4.8	3.06	10.03	4.32	4.25	8.7	15.0	11	34.50	8.12	1:1	89	53	85	46	35	19	4.35	0.71
GermanRem(100/50/d)	3.3	5.4	0.0	26.7	56.4	0.9	2.11	3.7	0.77	1.01	1.91	2.95	7.1	12.0	49	171.25	58.00	3:5	82	80	102	60	171	68	0.88	6.42
Glaxo(10/50/f)	20.0	46.1	0.0	33.0	223.5	7.6	15.25	6.6	7.60	13.64	12.83	2.85	15.3	26.7	29	97.50	34.21	1:3	80	54	107	70	128	91	2.05	2.95
GNFC(10/50/f)	89.0	101.2	0.0	21.4	238.8	3.2	20.07	8.3	22.76	22.76	34.80	1.92	16.0	13.3	39	35.00	18.25				57	28	48	35	2.86	1.64
GodfreyPhil(10/100/d)	2.6	3.8	0.0	24.6	452.0	1.8	4.93	1.1	1.47	1.47	3.19	6.97	18.2	28.0	63	88.75	12.73	1:1	75	34	62	25	89	55	3.94	3.61
GokakPatel(10/50/f)	6.5	19.1	0.0	39.3	60.9	5.9	6.30	9.4	3.91	3.91	6.05	4.50	20.3	26.7	33	120.00	26.68	1:1	87	79	120	67	120	75	1.66	3.05
GoodlassNero(10/50/f)	3.2	6.2	8.0	29.0	84.8	0.9	1.49	1.7	0.95	0.95	1.28	2.20	7.3	16.7	43	72.50	32.97	5:7	78	57	90	42	83	60	1.75	2.50
GordonWood(10/50/e)	2.5	3.7	3.4	24.7	16.8	0.2	-1.73	-10.2	-1.87	-1.87	-1.73	-7.51	-19.6	0.0	NA	8.50	NA	0.00	_	0	14	3	NA	NA	NA	0.34
Graphite(10/50/d)	4.2	9.6	0.0	32.8	58.6	2.3	4.16	6.8	2.13	2.13	3.72	6.24	12.2	16.0	40	36.25	5.81	1:2	80	56	38	18	39	15	5.50	1.11
Grasim(10/50/e)	48.5	217.7	0.0	54.9	803.0	32.2	92.27	11.0	39.64	48.33	73.12	8.13	14.8	27.5	22	131.00	16.10	3:4	88	61	137	75	200	106	1.64	2.39
GreavesCot(100/5/f)	9.9	23.2	0.0	334.9	142.8	3.0	8.08	5.5	5.02	5.01	6.44	37.88	20.1	24.0	24	625.00	16.50	1:2	88	86	720	375	710	625	1.91	1.87
GSFC(10/50/d)	44.9	208.5	0.0	56.4	676.3	14.7	70.61	10.2	35.55	48.66	61.51	9.88	11.2	30.0	21	200.00	20.24	3:10	87	64	190	123	202	166	1.12	3.54
GTC Ind(10/50/f)	5.0	58.9	0.0	127.9	157.4	13.6	4.43	2.6	1.92	1.92	2.28	2.88	4.0	32.0	63	34.00	11.81	1:4	72	66	28	13	34	21	7.06	0.27
Guj Alkalies(10/50/e)	17.9	31.0	0.0	27.3	101.0	1.3	15.69	15.3	8.01	5.73	16.89	4.47	16.4	26.0	81	91.00	20.35	1:5	87	18	78	62	91	75	2.86	3.33
Guj Ambuja(10/100/e)	20.0	5.6	0.0	12.8	94.2	1.4	11.58	12.1	3.86	3.97	11.59	1.93	15.1	12.0	60	62.50	32.38				28	14	63	21	1.92	4.89
Guj Steel(10/50/e)	4.6	9.8	7.3	313.0	116.2	1.8	3.39	2.9	1.80	1.59	4.15	39.13	8.3	15.0	43	26.00	0.66	1:1	82	57	380	210	36	25	57.69	0.08
HCL(10/100/e)	14.9	24.7	0.0	26.6	172.5	2.0	11.39	6.5	9.60	9.60	10.93	6.46	24.3	10.0	15	27.00	4.18				43	27	37	24	3.69	1.01
HDFC(100/10/f)	20.0	44.6	0.0	322.9	107.5	0.2	18.69	17.3	16.47	14.50	17.96	61.76	34.0	18.7	19	420.00	6.80				345	175	420	330	3.33	1.30
Herdillia(10/50/f)	7.4	24.4	15.0	43.2	65.1	1.5	9.83	14.8	6.24	5.66	7.72	6.37	17.8	28.0	27	83.75	13.15	1:2	78	33	112	66	100	83	2.50	1.94
HeroHonda(10/50/f)	16.0	3.8	0.0	12.3	101.7	2.8	-1.38	-1.3	-4.97	-4.70	-1.38	-3.11	-25.2	0.0	NA	33.00	NA				39	16	33	15	NA	2.67
HindLever(10/50/e)#	93.3	135.2	0.0	24.5	1008.2	3.0	105.1	10.4	53.81	55.37	7.42	5.76	23.5	35.0	59	124.00	20.23	1:1	87	91	102	69	124	101	2.82	5.07
Hind Ciba(100/5/d)	17.7	40.1	0.0	326.3	255.5	3.7	31.40	12.1	14.91	13.59	22.17	105.24	20.6	24.0	39	1395.00	13.26	1:2	80	74	1465	600	1660	960	2.15	4.28
Hind Motors(10/100/e)	26.4	46.0	32.3	27.4	525.9	13.2	5.34	1.0	-5.81	-4.77	5.34	-2.20	-5.6	7.5	-41	36.75	NA	1:1	86	58	51	20	37	20	2.03	1.34
HMM (10/50/h)	14.2	20.8	0.0	24.6	100.9	3.9	20.21	19.3	12.84	14.43	13.61	8.30	40.1	53.5	48	330.00	39.76	1:1	87	96	270	155	330	230	1.49	13.39
Hoechst(100/5/d)	9.6	32.8	17.5	442.1	239.4	29.6	8.55	3.2	4.51	4.51	7.70	58.85	6.0	16.0	43	2010.00	34.16	1:2	82	72	2040	490	2300	1260	1.00	4.55
HyderabadInd(10/50/d)	5.5	33.6	8.9	70.8	143.9	5.9	11.74	7.8	6.23	6.23	8.55	14.08	10.4	20.0	23	90.50	6.43	1:1	88	82	153	77	NA	NA	2.84	1.28
ICI (10/50/b)	40.9	84.2	39.4	30.6	693.6	170.2	42.45	4.9	20.90	21.80	41.17	7.67	8.5	15.0	42	35.00	4.56	1:3	78	21	69	37	40	35	6.43	1.14
IndiaCements(10/50/e)	4.9	19.0	24.8	48.8	132.2	4.8	3.00	2.2	-1.16	-0.87	3.00	-2.37	-2.4	8.0	-45	49.00	NA	2:5	70	29	32	13	49	15	1.62	1.00
IndiaFoils(10/50/d)	4.4	15.1	3.8	44.5	105.2	9.3	6.23	5.4	2.70	2.70	4.33	7.71	9.3	24.0	49	75.00	9.73	1:4	82	11	103	61	96	75	3.99	1.69
IndianAlum(10/100/d)	41.5	66.8	0.0	26.1	446.5	8.5	46.87	10.3	27.73	28.22	38.62	8.35	20.5	20.0	37	155.00	18.56	2:5	77	38	193	49	176	110	1.61	5.94
IndianDystuff(100/5/e)	11.3	13.4	18.5	218.6	190.5	13.2	5.46	2.7	0.82	1.59	5.46	7.24	1.9	10.0	59	470.00	64.88	1:4	80	40	260	165	470	250	1.77	2.15
IndianHotels(10/50/e)	14.8	49.7	0.0	43.6	115.9	1.9	17.11	14.5	9.37	9.37	15.61	6.34	14.5	30.0	32	93.00	14.68	1:2	89	50	150	80	93	83	2.15	2.13
IndianOrganic(10/50/e)	18.4	20.6	0.0	21.2	215.7	5.9	17.48	7.9	5.44	5.44	16.76	2.96	13.9	10.0	34	56.00	18.94	1:2	85	46	54	23	60	46	1.79	2.64
IndianRayon(10/50/e)	25.4	122.3	68.5	58.1	309.7	9.6	31.00	9.7	9.82	10.88	31.01	3.81	4.5	28.0	66	117.50	30.82	1:4	80	3	106	75	118	84	2.38	2.02
IndiaSteamship(10/50/e)	9.9	53.5	0.0	-44.1	83.7	8.7	22.70	24.6	11.61	11.61	22.69	11.72	-26.6	0.0	NA	14.00	1.19	1:1	75	27	17	10	19	12	NA	NA
Indrol(10/50/e)	6.2	24.3	1.9	49.5	154.9	2.3	11.76	7.5	7.27	9.84	8.66	11.80	22.4	36.0	19	245.00	20.76	1:1	86	41	335	175	246	161	1.26	4.95

NOTE: The year 31 March for all above companies unless otherwise indicated. The accounting period in each case is, however, mentioned in the bracket following the company's name: a-8 months; b-18 months; c-10 months; d-15 months; e-12 months; f-9 months; g-16 months; h-11 months; i-14 months; j-17 months; k-13 months; l-7 months. (ended Dec88, ** ended Aug88, + ended Sep88, ++ ended Jul88).*

Where the accounting period is other than 12 months, the figures for EPS, return on net worth and dividend have been annualised.

INVESTMENT WORLD

VITAL STATISTICS

Company (The figures following the company name indicate face value and market lot in that order)	Eq Cap RsCr	Free Res RsCr	Revl Res RsCr	Book Value Rs	Gross Sales RsCr	Other Inc RsCr	Gross Profit RsCr	GrPr Mgn (%)	PAT RsCr	Adj PAT RsCr	Cash Earn RsCr	EPS Rs	Ret/Net Worth (%)	Div (%)	Pay Out (%)	Mkt Price 5July	P/E Multiple	Last Bonus Ratio	Last Bonus Year	Bonus % in Cap	MarketPrice 1989 High Rs	MarketPrice 1989 Low Rs	MarketPrice 1990 High Rs	MarketPrice 1990 Low Rs	Yield on Mkt Price (%)	Price to BkVal Times
IngersollRand(10/50/d)	15.8	23.1	0.0	24.6	102.3	7.2	21.73	19.8	13.21	13.21	14.51	10.46	27.2	36.0	27	235.00	22.46	1:1	89	97	425	180	245	190	0.96	9.54
IOL (10/50/b)	14.6	19.2	13.5	23.2	221.8	0.7	12.94	5.8	4.17	5.70	12.16	4.28	5.9	6.7	26	44.00	10.27	1:3	85	81	50	41	44	33	2.27	1.90
ITC (10/100/f)	66.3	41.9	84.5	16.3	1058.7	9.0	53.00	5.0	29.20	29.20	34.99	3.30	20.2	53.3	45	91.00	27.57	1:1	89	63	130	40	91	50	2.20	5.58
JagtjitInd(10/100/e)	6.1	19.1	3.9	41.5	121.8	1.8	12.99	10.5	8.45	8.45	10.40	13.93	29.1	35.0	25	100.00	7.18	1:1	88	92	120	60	120	74	3.51	2.41
JaiprakashInd(10/100/d)	66.1	41.9	9.5	16.3	217.4	20.4	35.49	14.9	11.90	12.36	33.26	2.25	8.1	14.4	96	18.25	8.11				17	10	19	13	9.82	1.12
JayshreeTea(10/50/e)	6.2	15.1	23.6	34.6	97.4	14.1	7.96	7.1	1.03	2.68	6.99	1.67	2.3	15.0	34	135.00	80.61	1:2	85	92	113	47	135	77	1.11	3.90
Jenson&Nichol(10/50/f)	1.5	4.5	2.2	39.9	53.8	0.4	1.80	3.3	1.16	1.17	1.59	5.75	18.8	20.0	20	72.00	12.52	8:7	82	35	65	32	78	69	2.13	1.81
JindalStrips(10/100/f)	3.3	19.8	0.0	69.9	136.9	3.5	9.06	6.5	5.77	6.57	7.99	13.11	33.3	33.3	13	147.50	11.25	1:1	89	58	285	112	148	100	1.71	2.11
JK Syn(10/100/e)	38.4	130.0	107.0	43.8	764.5	9.7	64.80	8.4	18.35	18.86	62.60	4.69	6.5	22.0	39	67.50	14.40	1:3	83	53	92	55	68	50	2.76	1.54
JyotiInd(10/50/b)	2.7	10.2	8.6	48.1	59.1	0.6	-10.42	-17.5	-11.64	-11.62	-10.42	-65.15	-36.2	0.0	NA	16.00	NA	1:2	77	24	11	6	23	8	NA	0.33
KanoriaChem(10/100/f)	4.0	25.7	0.0	73.6	51.1	1.7	4.69	8.9	0.68	0.68	4.58	1.26	3.0	20.0	59	12.50	9.90	1:2	89	66	51	29	33	13	7.92	0.17
KEC Intl(10/50/b)	7.3	29.0	4.7	49.5	139.4	11.2	6.31	4.2	2.79	3.59	4.71	5.70	4.5	16.7	35	37.00	6.49	1:1	83	35	72	26	65	37	4.64	0.75
KesoramInd(10/100/e)	8.9	48.1	49.5	64.3	182.4	6.4	5.87	3.1	-6.19	-0.36	5.87	-7.14	-5.9	10.0		64.00	NA	1:2	79	67	66	39	64	42	1.55	1.00
KineticEngg(10/50/f)	2.4	19.5	0.0	91.1	88.0	1.5	9.30	10.4	3.27	2.88	9.30	10.22	19.9	40.0	13	192.50	18.84	1:1	89	78	395	120	193	134	0.78	2.11
KineticHonda(10/100/i)	10.0	2.8	0.0	12.8	69.9	1.2	3.17	4.5	1.57	1.36	3.18	1.83	10.5	0.0	NA	66.00	36.03				36	23	66	40	NA	5.14
KirloskarCum(10/50/e)+	26.4	27.1	0.0	20.3	181.9	4.4	23.68	12.7	11.40	10.18	18.68	4.29	21.2	22.50	59	75.00	17.49	1:1	86	94	100	43	90	65	3.00	3.70
KirloskarOil(10/50/f)	5.8	15.0	0.0	36.0	102.6	3.5	5.28	5.0	2.28	2.34	4.76	2.87	14.2	13.3	26	37.50	13.07	3:7	76	77	67	29	40	27	2.69	1.04
KirloskarPneu(10/50/b)	3.9	9.0	0.0	33.5	103.1	5.6	10.92	10.0	6.65	6.55	9.36	25.91	34.4	15.0	13	37.50	1.45				73	45	73	38	6.03	1.12
KothariInd(10/50/e)	7.6	5.8	41.5	17.7	74.4	2.6	5.38	7.0	3.55	3.55	5.09	4.70	6.5	12.5	26	51.00	10.85				34	6	51	32	2.44	2.89
KSB Pumps(10/50/d)	8.7	14.7	0.0	26.9	55.4	1.4	15.10	26.6	8.31	8.38	9.81	11.94	28.4	24.0	16	180.00	15.08	1:1	89	90	445	180	228	180	0.84	6.69
LakhanpalNat(10/50/e)	4.7	6.1	0.0	23.1	61.2	0.6	2.79	4.5	1.16	1.15	1.85	2.47	10.7	16.0	31	28.50	11.52	1:1	87	50	40	16	34	23	2.69	1.23
LakshmiMach(100/5/d)	6.1	18.9	0.0	409.7	614.0	10.0	16.42	2.6	6.97	6.80	15.77	143.06	22.3	16.0	18	1275.00	8.91	1:2	89	58	700	365	1275	690	1.57	3.11
L&T(10/50/b)	68.1	209.9	84.3	40.8	1197.1	16.0	109.4	9.0	36.52	42.49	96.56	8.05	6.7	20.0	41	88.50	11.00	3:5	86	56	128	69	122	57	2.88	2.17
MadrasCements(100/5/d)	3.0	12.0	0.0	498.0	99.7	1.4	4.85	4.8	-7.07	-6.71	4.81	-297.19	-38.2	0.0	NA	1475.00	NA				810	380	1475	421	NA	2.96
MaduraCoats(10/50/f)	21.8	46.8	56.9	31.4	210.0	1.7	20.74	9.8	11.43	11.49	18.79	3.93	12.1	33.3	48	122.50	31.19	1:2	86	47	109	90	127	101	2.04	3.90
MafatlalDyes(10/50/d)	3.2	7.9	0.0	35.0	52.6	1.9	2.78	5.1	1.49	1.49	1.63	5.91	10.8	13.6	19	30.00	5.07	1:4	89	67	70	27	39	29	3.07	0.86
MafatlalFine(100/5/e)	14.5	23.8	0.0	264.3	177.4	14.9	7.98	4.2	1.33	3.04	7.72	9.19	3.5	10.0	48	320.00	34.82	1:3	80	39	375	180	320	205	3.13	1.21
MafatlalInd(100/5/e)	13.5	43.5	0.0	423.6	125.3	10.5	8.41	6.2	0.65	0.67	7.51	4.83	1.1	20.0	322	550.00	113.81	1:5	78	32	390	255	590	360	2.92	1.30
MahScooters(10/50/e)	2.9	27.4	0.0	105.9	85.9	10.0	11.19	11.7	7.41	7.39	7.99	25.91	24.5	35.0	14	425.00	16.40	1:1	86	65	306	215	425	185	0.82	4.01
Mah&Mah(10/50/j)	19.3	76.2	29.8	49.5	955.9	36.9	45.58	4.6	18.54	20.09	42.48	13.64	10.5	24.7	34	88.75	6.51	2:3	84	72	113	76	103	68	4.02	1.79
Mang Chem(10/50/d)	12.4	12.4	0.0	20.0	144.8	36.3	10.09	5.6	8.85	12.74	18.84	8.91	28.6	8.0	10	17.00	1.91				54	17	24	16	5.87	0.85
May&Baker(10/50/d)	4.5	7.6	0.0	26.9	70.4	2.0	5.88	8.1	3.96	0.93	5.30	11.00	26.2	12.0	73	70.00	6.36				85	50	98	69	2.16	2.61
McDowells(10/100/f)	7.7	47.8	21.0	72.2	135.2	8.6	11.21	7.8	8.65	8.65	11.20	8.44	15.1	26.7	18	71.25	8.44	1:1	86	81	112	68	87	71	2.81	0.99
Mico (100/5/e)*	38.1	56.4	0.0	248.3	228.3	5.2	44.81	19.2	15.07	15.44	30.71	39.61	15.9	14.00	35	940.00	23.73	1:1	86	91	700	318	NA	NA	1.49	3.79
ModiInd(10/100/b)	3.3	0.0	0.0	10.0	230.7	6.4	-10.96	-4.6	-16.34	-8.39	-10.97	-74.23	-329.9	0.0	NA	17.00	NA	1:5	69	26	35	16	30	15	NA	1.70
ModiRubber(10/50/h)	10.4	52.5	0.0	60.6	408.9	5.0	26.13	6.3	13.51	13.51	22.13	11.93	23.4	27.3	19	69.00	5.78	0.00	_	0	125	70	75	44	3.63	1.14
ModiSteels(10/100/b)	2.4	1.8	0.0	17.6	21.5	0.6	1.41	6.4	1.02	0.98	1.21	6.48	16.3	16.00	22	35.00	5.40	1:1	87	14	44	23	44	23	2.66	1.99
ModiXerox(10/50/h)	19.5	1.8	0.0	10.9	87.2	0.9	8.70	9.9	4.29	3.57	7.97	2.02	22.1	12.0	56	67.00	33.17				73	52	75	64	1.53	6.15
MRF(10/50/b)	3.9	44.9	0.0	126.2	743.3	1.4	55.61	7.5	25.02	25.02	40.95	97.23	34.2	60.0	14	270.00	2.78	1:2	75	46	470	275	333	190	3.33	2.14
Mukand(10/50/f)	14.7	35.0	45.2	33.7	316.0	1.8	26.27	8.3	17.51	17.41	23.42	8.91	24.6	26.7	17	136.00	15.26	1:2	88	72	145	75	157	127	1.47	4.03
NationalSteels(10/50/e)	4.2	6.5	0.0	25.7	66.0	2.7	4.95	7.2	1.67	1.67	4.95	3.94	15.4	15.0	38	10.00	2.54				17	6	15	9	15.14	0.39
NatRayon(100/5/f)	6.0	-12.1	64.3	-101.3	123.0	1.0	3.31	2.7	1.73	1.31	3.31	20.34	3.7	0.0	NA	720.00	35.40	1:4	72	23	500	140	720	520	NA	NA
NipponDenro(10/100/b)	11.6	14.8	0.0	22.7	155.8	3.0	10.73	6.8	5.13	5.13	10.08	6.62	13.0	20.0	57	36.00	5.44				63	31	58	36	6.93	1.59
Nirlon(10/50/b)	15.8	8.5	16.7	15.4	153.9	2.1	-32.90	-21.1	-51.02	-73.38	-32.90	-48.56	-83.1	0.0	NA	17.00	NA	1:2	82	48	17	8	22	14	NA	1.11
NOCIL(100/5/d)	36.0	82.0	0.0	327.8	449.6	16.2	75.77	16.3	40.74	40.79	55.77	141.46	27.6	32.0	35	1240.00	8.77	1:2	86	67	1690	710	1660	1070	3.23	3.78
OrientalCarbon(10/50/e)	2.4	8.6	6.4	45.5	50.5	0.2	3.50	6.9	1.40	1.40	3.25	5.79	8.0	22.5	39	37.00	6.40	1:3	89	25	65	34	NA	NA	6.03	0.81
OrientPaper(10/100/e)	11.5	80.9	0.0	80.6	190.3	4.6	8.23	4.2	0.93	3.03	8.03	0.79	1.0	10.0	38	95.00	119.53	1:1	86	94	79	20	95	65	1.06	1.18
Orissa Cement(10/100/d)	5.4	26.7	23.7	59.4	141.5	3.8	8.22	5.7	0.25	6.28	8.22	0.58	0.4	16.0	17	42.50	73.44	1:1	87	58	37	32	43	25	4.71	0.72
Otis(10/50/g)	5.0	15.1	0.0	39.9	78.6	1.5	14.60	18.2	7.42	7.42	9.23	19.63	27.7	30.0	27	215.00	10.95	1:1	85	86	215	170	265	190	1.86	5.39
ParkeDavis(10/50/g)	7.5	7.3	0.0	19.7	100.8	1.0	6.16	6.1	3.06	3.37	4.16	5.42	15.5	26.3	78	107.50	19.84	3:5	78	31	115	37	113	83	3.26	5.45
PeicoElec(10/100/d)	33.3	19.9	20.0	16.0	506.3	6.0	-3.15	-0.6	-17.00	-13.49	-15.61	-6.38	-18.6	0.0	NA	43.50	NA	1:5	82	49	30	15	44	17	NA	2.72
PhillipsCarbon(10/50/e)	5.3	6.6	4.2	22.5	65.0	1.7	2.69	4.0	1.21	1.21	1.69	2.30	7.5	18.0	79	46.00	20.00	2:5	84	70	47	27	48	40	3.93	2.05
Polyolefins(100/5/d)	19.3	45.0	0.0	333.3	224.7	12.2	41.60	17.6	27.12	27.12	32.39	175.65	33.7	28.0	25	1100.00	6.26	1:2	88	69	1450	890	1525	1025	3.18	3.30
PrakashTubes(10/50/e)	3.5	11.5	0.0	42.7	71.3	0.5	5.27	7.3	2.56	2.56	4.79	7.29	17.1	21.0	29	35.50	4.87	3:4	81	9	59	30	37	33	5.94	0.83
PremierAuto(10/50/e)	21.1	62.1	50.7	39.5	452.2	13.0	24.78	5.3	13.65	13.74	21.33	6.48	10.2	27.0	35	63.00	9.72	1:1	86	38	76	39	75	54	3.60	1.59
Procter&Gamble(10/50/e)	6.7	11.6	0.0	27.4	65.4	2.1	9.11	13.5	6.15	6.26	7.24	9.21	33.6	30.0	32	202.50	22.00	4:5	88	82	410	170	235	185	1.48	7.38
PudumjeePulp(10/50/d)	3.1	12.0	0.0	48.9	51.5	1.8	5.77	10.8	2.38	2.38	5.31	9.66	12.7	12.0	19	110.50	11.44	1:5	82	55	100	16	118	100	1.35	2.26
PunjabConcast(10/50/f)	1.2	10.9	0.0	102.5	58.2	0.2	6.25	10.7	3.69	4.38	4.75	23.45	40.7	33.3	7	160.00	6.82				380	122	265	157	1.54	1.56
PunjabTractors(10/50/g)	3.2	20.8	0.0	76.2	117.4	1.6	8.53	7.2	3.90	3.90	5.55	16.51	12.2	30.0	16	185.00	11.21	2:5	81	29	250	115	205	135	1.06	2.43
Rallis(10/50/h)	9.5	36.2	0.0	48.0	296.7	2.5	11.52	3.9	7.59	8.02	10.28	7.30	18.1	27.3	30	67.50	9.25	3:10	77	12	150	90	105	67	3.70	1.41

NOTE: The year 31 March for all above companies unless otherwise indicated. The accounting period in each case is, however, mentioned in the bracket following the company's name: a-8 months; b-18 months; c-10 months; d-15 months; e-12 months; f-9 months; g-16 months; h-11 months; i-14 months; j-17 months; k-13 months; l-7 months. (ended Dec88, ** ended Aug88, + ended Sep88, ++ ended Jul88).*

Where the accounting period is other than 12 months, the figures for EPS, return on net worth and dividend have been annualised.

INVESTMENT WORLD

VITAL STATISTICS

Company (The figures following the company name indicate face value and market lot in that order)	Eq Cap RsCr	Free Res RsCr	Revl Res RsCr	Book Value Rs	Gross Sales RsCr	Other Inc RsCr	Gross Profit RsCr	GrPr Mgn (%)	PAT RsCr	Adj PAT RsCr	Cash Earn RsCr	EPS Rs	Ret/ Net Worth (%)	Div (%)	Pay Out (%)	Mkt Price 5July	P/E Multiple	Last Bonus Ratio	Last Bonus Year	Bonus % in Cap	MarketPrice 1989 High Rs	MarketPrice 1989 Low Rs	MarketPrice 1990 High Rs	MarketPrice 1990 Low Rs	Yield on Mkt Price (%)	Price to BkVal Times
RanbaxyLabs(10/50/d)	9.0	29.1	0.0	42.5	179.7	6.4	10.20	5.5	5.57	2.60	9.63	7.77	11.7	30.0	56	99.00	12.75	1:1	88	NA	132	70	110	86	1.64	2.33
Rasoi(10/50/d)	1.2	5.7	0.0	57.7	74.2	1.2	1.73	2.3	0.77	0.91	1.40	8.02	8.9	16.0	26	50.00	6.23	1:2	85	35	75	45	60	50	4.00	0.87
RathiAlloys(10/50/f)	2.9	12.9	0.0	54.9	84.2	0.3	9.67	11.4	2.02	2.02	7.77	5.26	17.0	40.0	43	137.50	26.14				167	93	161	126	2.20	2.50
Raymonds(10/50/e)	22.5	69.2	0.0	40.8	295.1	4.4	42.35	14.1	21.10	21.47	36.75	9.24	22.7	20.0	21	88.00	9.52	1:1	87	78	86	66	93	70	2.27	2.16
Reckitt&Col(10/50/e)*	8.4	13.5	0.3	26.1	71.4	1.4	12.08	16.6	6.75	6.75	7.40	8.05	30.4	30.00	37	222.50	27.66	1:1	88	70	230	145	223	198	1.35	8.52
ReliancePetro(10/100/e)	86.5	0.5	0.0	10.1	0.0	26.6	6.81	25.6	5.02	5.02	5.87	0.58	5.8	15.00	90	24.00	41.34	0.00		0	52	37	27	21	2.19	2.39
Reliance(10/50/f)	152.1	913.4	0.0	70.0	1112.5	7.9	166.2	14.8	79.37	95.40	166.2	3.88	9.9	40.0	48	101.00	26.03	3:5	83	10	158	70	101	50	2.97	1.44
Revathi CP(10/50/e)	1.6	3.3	0.4	30.3	17.4	0.4	1.44	8.1	0.88	0.88	1.01	5.38	16.3	20.00	37	80.00	14.88	1:1	87	50	240	51	80	67	2.50	2.64
SandvikAsia(100/5/e)*	5.8	8.8	0.0	252.1	45.8	0.8	6.72	14.4	2.71	2.93	4.93	46.89	18.6	25.00	49	610.00	13.01	1:1	84	80	1010	580	900	610	4.08	2.42
Searle I(10/50/d)	5.2	14.8	0.0	38.4	51.5	1.5	5.14	9.7	2.66	2.81	3.99	6.37	10.6	16.8	30	135.00	21.19	1:2	89	87	217	87	150	108	1.18	3.52
SesaGoa(10/50/e)	5.2	10.2	0.0	29.8	53.9	0.3	3.43	6.3	1.10	1.13	3.22	2.14	7.2	14.0	64	91.00	42.60	2:5	86	42	78	26	106	89	1.54	3.05
Sesha Paper(10/100/e)	6.3	0.0	0.0	10.0	53.3	1.8	0.53	1.0	-2.50	-2.50	0.52	-4.00	-40.0	0.0	NA	12.00	NA	1:2	76	28	19	4	13	10	NA	1.20
ShalimarPaints(10/100/d)	1.9	1.6	0.0	18.4	69.8	0.6	-1.96	-2.8	-2.09	-2.09	-1.96	-13.82	-48.0	0.0	NA	47.50	NA	3:10	82	67	49	20	48	38	NA	2.58
ShawWallace(10/100/f)	12.0	28.1	0.0	33.4	216.3	20.7	15.67	6.6	8.85	8.85	10.02	5.53	29.4	40.0	41	87.50	15.82	1:1	87	94	103	74	92	67	3.43	2.62
ShreeSyn(10/50/f)	5.6	15.1	0.0	36.9	94.4	0.4	9.33	9.8	4.29	4.29	8.98	5.73	27.6	33.3	33	66.00	11.53	2:5	84	29	72	31	67	42	3.80	1.79
SI Shipping(100/5/e)+	6.0	12.3	0.0	304.2	49.6	3.4	-0.06	-0.1	-1.32	-1.33	-0.06	-22.00	-7.2	0.00	NA	1400.00	NA	1:2	82	83	360	60	1625	1200	NA	4.60
SI Viscose(100/5/e)	11.0	21.2	0.0	292.1	103.0	1.9	21.63	20.6	12.89	17.09	15.43	116.86	40.0	35.0	23	1460.00	12.49	1:2	87	56	1170	650	1460	1110	2.40	5.00
SiptaCoated(10/100/j)	17.6	6.3	0.0	13.6	129.4	2.9	4.76	3.6	1.25	1.71	4.03	1.01	3.7	12.0	89	15.50	15.40				28	15	30	13	5.58	1.14
SiyaramSilk(10/100/d)	3.7	7.9	0.0	31.7	86.4	1.7	5.14	5.8	1.14	1.14	4.92	3.89	7.9	14.4	58	42.00	10.79	1:2	88	42	40	23	47	24	4.29	1.33
SKF Bearings(100/5/d)	24.7	36.4	0.0	247.4	131.1	4.6	34.93	25.8	21.12	21.01	27.43	106.88	27.7	24.0	18	1590.00	14.88	1:1	89	80	3020	1140	1570	1230	0.94	6.43
SpecialSteels(10/50/d)	11.4	20.0	0.9	27.5	205.9	0.8	24.22	11.7	14.96	12.60	19.57	16.39	37.0	20.0	15	142.50	8.70	1:2	89	45	168	103	143	90	1.17	5.18
SpicELECT(10/50/d)	34.0	74.2	173.4	31.8	557.8	24.1	44.02	7.6	13.86	13.86	40.77	5.10	3.9	16.0	49	13.75	2.70	1:1	86	50	65	38	19	12	14.55	0.43
StandardInd(10/50/e)	11.1	37.9	35.0	44.3	176.4	16.4	12.08	6.3	3.97	3.97	11.93	3.59	4.7	20.0	56	66.00	18.39	2:5	82	72	580	210	79	61	3.03	1.49
StrawProducts(10/100/d)	10.1	38.5	0.0	48.0	152.4	4.0	11.72	7.5	4.70	4.70	11.41	-6.50	-8.7	24.0	-58	92.00	NA	1:2	72	17	105	45	102	73	3.26	1.92
SundramFast(10/50/e)	5.1	12.1	0.0	33.6	70.9	1.3	6.76	9.4	3.50	3.60	6.01	6.86	20.4	25.0	36	79.00	11.51	3:5	88	56	86	50	86	61	3.18	2.35
SupremeInd(10/50/e)	2.3	13.5	18.6	69.1	85.3	0.6	5.92	6.9	3.27	3.27	5.86	14.34	9.5	45.0	26	280.00	19.52	1:1	87	70	270	187	310	225	1.35	4.05
SurajDiamonds(10/100/h)	7.7	21.3	0.0	37.8	72.6	0.0	6.66	9.2	6.29	6.29	6.51	7.53	23.7	21.8	14	51.00	6.78				110	60	65	51	2.23	1.35
SwadeshiPoly(10/50/b)	3.9	13.9	19.8	45.7	98.6	2.8	7.84	7.7	3.50	4.77	4.34	13.46	6.2	23.3	29	46.00	3.42				57	28	53	38	7.64	1.01
SylvaniaLaxman(10/50/b)	3.0	0.4	7.3	11.3	54.2	1.0	0.57	1.0	-0.52	0.36	0.57	-2.67	-3.3	0.0	NA	23.00	NA	1:2	86	33	26	12	30	20	NA	2.03
Syn&Chem(10/50/e)	5.8	9.4	27.1	26.1	119.7	1.1	8.48	7.0	6.30	6.34	7.38	10.84	14.9	25.0	23	52.00	4.80				81	47	84	52	4.80	1.99
TataChem(10/50/e)	49.2	215.8	0.0	53.9	256.8	34.9	67.80	23.2	35.79	35.79	53.30	7.28	13.5	19.0	24	117.00	16.07	2:5	85	29	130	98	137	117	1.48	2.17
TataPower(100/5/e)	20.5	80.0	0.0	490.7	367.1	12.4	29.16	7.7	22.63	22.45	29.34	110.11	22.4	18.0	16	820.00	7.45	1:5	75	6	457	300	820	410	2.19	1.67
TataPress(10/50/e)	1.6	6.4	0.0	50.4	14.9	0.8	1.79	11.4	0.83	0.83	1.68	5.29	10.5	22.00	42	65.00	12.30	7:11	83	30	88	33	73	55	3.43	1.29
TataRobins(10/50/e)	3.1	4.9	0.0	25.6	54.5	1.2	2.76	5.0	0.92	0.92	1.93	2.95	11.5	18.0	41	36.00	12.21	1:4	77	5	63	42	47	36	3.38	1.40
TataTea(10/50/d)	17.1	78.8	0.0	56.1	218.9	12.6	28.61	12.4	16.86	36.68	21.91	12.33	14.1	40.0	21	233.00	18.89	2:5	88	40	208	120	233	173	1.96	4.15
TataTelecom(10/100/f)	4.5	1.1	0.0	12.4	12.5	0.2	0.60	4.7	0.17	0.17	0.60	0.28	4.1	0.00	NA	57.00	201.2	0.00		0	22	15	57	45	NA	4.59
TataUnisys(10/50/d)	4.4	5.1	0.0	21.6	43.1	0.3	5.29	12.2	2.42	2.52	4.33	6.91	20.4	22.00	48	130.00	18.82	2:5	87	29	250	60	130	24	2.11	6.01
TCI(10/50/f)	5.1	14.1	15.8	37.8	88.0	0.7	3.36	3.8	1.11	1.11	3.36	1.64	4.2	14.7	50	38.00	23.19	1:2	86	81	34	14	68	38	2.90	1.00
Telco(100/5/e)	103.7	307.4	0.0	396.5	1638.5	37.9	128.3	7.7	70.03	71.44	113.18	67.36	17.0	25.0	34	163.50	2.43	2:5	82	24	1195	657	164	110	14.30	0.41
Tinplate(10/50/e)	10.1	11.1	0.0	21.0	138.2	1.1	7.27	5.2	4.37	4.37	6.53	4.32	20.6	15.0	35	30.00	6.95	4:5	76	19	42	20	38	27	5.01	1.43
Tisco(10/50/e)	156.1	645.5	0.0	51.4	1772.5	89.3	274.0	14.7	154.3	134.8	248.0	9.89	19.3	30.0	34	128.25	12.97	2:5	87	44	158	102	137	103	2.31	2.50
Tomco(25/5/e)	8.1	20.6	0.0	88.5	282.1	6.5	4.98	1.7	2.16	2.16	4.36	6.26	7.1	15.0	60	180.00	28.76	1:5	81	36	95	52	180	90	2.09	2.03
TribeniTiss(10/50/d)	8.0	8.0	0.0	20.1	57.1	0.1	5.00	8.8	2.07	2.60	3.63	3.25	10.4	18.0	69	93.00	28.57	1:4	84	31	95	34	97	74	2.42	4.64
TVS Suzuki(10/100/k)	23.1	-5.4	0.0	7.7	174.4	2.2	7.60	4.3	3.09	3.09	7.60	1.45	16.1	0.0	NA	15.00	10.35				26	11	16	9	NA	1.96
TwCenturyFin(10/50/e)	8.9	11.3	0.0	22.7	25.2	1.2	16.56	62.8	3.56	3.51	15.89	4.01	17.7	22.0	56	30.00	7.48	2:5	85	34	35	15	34	27	7.32	1.32
UnichemLab(10/50/b)	1.4	4.8	3.6	45.7	65.9	1.2	0.99	1.5	0.16	0.22	0.96	1.78	1.1	10.0	91	40.00	22.50	1:2	86	67	62	40	40	30	3.70	0.88
UnionCarbide(10/50/d)	32.6	45.0	0.0	23.8	254.3	3.5	12.33	4.8	5.52	9.92	9.33	2.12	5.7	0.0	NA	27.25	12.87	1:2	80	74	29	18	30	22	NA	1.14
Unitech(10/100/d)	7.2	12.8	0.0	27.8	58.1	0.9	6.89	11.7	4.68	4.78	5.59	8.11	18.7	20.0	31	25.00	3.08				30	18	43	25	8.32	0.90
UnivCables(10/50/e)	5.3	42.1	0.0	88.8	116.6	2.1	15.08	12.7	1.02	1.46	3.08	1.91	2.2	27.0	75	100.00	52.35	1:2	79	22	180	110	122	83	2.04	1.13
VideoconIntl(10/100/b)	2.5	5.7	0.0	32.7	103.3	2.6	11.91	11.2	6.32	6.32	11.56	37.92	51.5	26.7	16	240.00	6.33				205	55	254	180	1.67	7.33
VikrantTyres(10/50/e)	10.4	4.3	0.0	14.1	200.7	0.9	17.25	8.6	2.75	2.75	16.70	2.54	18.0	15.0	59	29.00	11.42	0.00		0	50	20	30	20	5.17	2.06
VindhyaTele(10/100/e)	3.9	9.3	0.0	33.7	53.4	1.4	10.11	18.4	6.67	6.73	8.21	17.10	50.7	22.5	13	77.50	4.53				145	85	100	77	2.91	2.30
VIP Ind(10/100/e)++	6.0	5.4	0.0	18.9	67.4	1.5	3.01	4.4	0.73	0.81	2.87	1.22	6.4	12.00	89	28.50	23.42	1:1	84	59	30	15	30	17	4.21	1.51
Voltas(10/50/l)	19.9	28.2	0.0	242.3	264.1	1.2	11.53	4.3	8.63	9.03	11.53	25.36	30.8	24.0	20	85.00	3.35	1:2	89	49	1000	470	85	65	10.67	0.35
VST Ind(10/50/b)	9.7	10.2	16.5	20.5	434.2	3.2	8.31	1.9	4.82	4.82	6.76	7.49	8.8	33.3	63	68.00	9.08	3:5	89	85	57	22	68	33	4.60	3.31
WestCoastPaper(100/5/f)	4.1	4.5	0.0	210.2	65.9	0.8	1.35	2.0	0.37	0.32	1.35	6.77	5.7	0.0	NA	365.00	53.93	1:5	74	37	220	81	440	290	NA	1.74
WI Enterprises(10/50/b)	4.8	9.7	1.6	30.1	65.9	0.1	4.83	7.3	1.72	1.72	4.46	5.36	7.1	16.0	67	19.50	3.64	3:5	83	19	27	17	28	19	12.37	0.65
Wimco(10/50/d)	13.6	5.5	0.0	14.0	137.2	2.3	-7.87	-5.6	-13.17	-10.68	-10.43	-12.12	-55.3	0.0	NA	21.00	NA	1:5	70	31	27	17	75	17	NA	1.50
Wipro(10/50/f)	3.7	16.7	0.0	55.4	115.0	5.5	5.40	4.5	2.68	2.68	4.90	5.46	17.5	33.3	17	225.00	41.19	1:1	89	95	450	190	275	190	0.56	4.06
ZuariAgro(10/50/d)	12.4	54.5	0.0	53.8	247.2	99.9	27.19	7.8	12.06	15.19	18.04	11.37	13.5	28.0	30	60.00	5.28				77	58	66	50	5.83	1.11

NOTE: The year 31 March for all above companies unless otherwise indicated. The accounting period in each case is, however, mentioned in the bracket following the company's name: a-8 months; b-18 months; c-10 months; d-15 months; e-12 months; f-9 months; g-16 months; h-11 months; i-14 months; j-17 months; k-13 months; l-7 months. (ended Dec88, ** ended Aug88, + ended Sep88, ++ ended Jul88).*

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RESULTS

BHARAT BIJLEE

(Rs crores)	15 months ended 31 Mar 90	18 months ended 31 Dec 88
Net sales	77.34	40.78
Other income	1.08	1.90
Interest	3.25	2.32
Gross profit	6.55	(2.49)
Depreciation	0.89	0.81
Taxation	1.60	0.00
Net profit	4.06	(3.30)
EPS (Rs)	230.35*	(156.03)*
RONW (%)	99.37*	(67.28)*

Margins have turned positive — gross margin from a negative 5.83% to a positive 8.35% and net margin from a negative 7.73% to a positive 5.18%. The company has a low equity base of Rs 1.41 crores and reserves amount to Rs 1.86 crores. At Rs 1,550, the P/E works out to a low 6.73. Hold.

CABLE CORPORATION OF INDIA

(Rs crores)	12 months ended 31 Mar 90	15 months ended 31 Mar 89
Net sales	128.47	122.14
Other income	3.84	4.94
Interest	1.50	1.27
Gross profit	15.71	19.17
Depreciation	1.38	2.25
Taxation	4.44	6.58
Net profit	9.89	10.34
EPS (Rs)	10.99	9.19*
RONW (%)	35.74	29.90*

Equity capital and reserves are at Rs 9 crores and Rs 18.67 crores respectively. Margins have dipped — from 8.14% to 7.47% at the gross level and from 15.08% to 11.87% at the net level. At Rs 73, the P/E works out to 6.64 based on unaudited figures. Book profits.

HINDUSTAN FERODO

(Rs crores)	6 months ended 31 Mar 90	12 months ended 31 Mar 90	9 months ended 31 Mar 89
Net sales	18.87	37.13	22.56
Other income	0.91	1.00	1.02
Interest	0.93	2.01	1.22
Gross profit	0.54	1.38	0.86
Depreciation	0.34	0.84	0.17
Taxation	0.05	0.01	0.01
Net profit	0.25	0.54	0.69
EPS (Rs)		0.98	1.67*
RONW (%)		7.31	12.45*

Equity capital and reserves are at Rs 5.50 crores and Rs 1.89 crores respectively. The share is quoted around Rs 25 which yields a P/E of 25.51. Even at this quote, the share is overpriced.

THE BHARAT VIJAY MILLS

(Rs crores)	6 months ended 31 Mar 90	12 months ended 31 Mar 90	9 months ended 31 Mar 89
Net sales	42.30	75.94	48.67
Other income	0.69	1.19	1.25
Interest	1.51	3.07	2.13
Gross profit	4.08	6.58	4.23
Depreciation	1.27	2.22	1.97
Taxation	0.50	0.50	0.19
Net profit	1.04	2.03	1.01
EPS (Rs)		73.29	48.62*
RONW (%)		14.86	9.85*

At Rs 600, the P/E works out to 8.19. The company's equity capital and reserves are Rs 2.77 crores and Rs 10.89 crores respectively. Margins too have improved. A good long-term (two to three years) buy.

BELL CERAMICS

(Rs crores)	6 months ended 31 Mar 90	12 months ended 31 Mar 90	11 months ended 31 Mar 89
Net sales	11.41	18.06	7.47
Other income	0.02	0.02	—
Interest	0.86	1.70	1.31
Gross profit	1.82	2.80	0.45
Depreciation	0.67	1.44	0.98
Taxation	—	—	—
Net profit	1.14	1.36	(0.53)
EPS (Rs)		2.52	(1.07)*
RONW (%)		—	—

Margins have improved — gross margin from 15.49% to 15.92% and net margin from 7.52% to 9.97%. The equity capital stands at Rs 5.39 crores and accumulated losses amount to Rs 0.28 crores. At Rs 24, the P/E works out to 9.52 based on the unaudited figures. A switch to Spartek is recommended.

GARWARE-WALL ROPES

(Rs crores)	6 months ended 31 Mar 90	6 months ended 31 Mar 89	12 months ended 31 Mar 90
Net sales	17.24	14.48	32.24
Other income	1.10	0.76	2.09
Interest	1.03	0.62	1.89
Gross profit	1.78	1.35	3.43
Depreciation	0.56	0.26	1.26
Taxation	0.07	0.12	0.20
Net profit	1.15	0.96	1.97
EPS (Rs)			6.94
RONW (%)			23.29

Equity capital and reserves are at Rs 2.84 crores and Rs 5.62 crores respectively. Margins have stayed put. At Rs 60, the P/E works out to 8.65. Buy for the long-term only.

ESCORTS

(Rs crores)	6 months ended 31 Dec 90	6 months ended 31 Mar 89	12 months ended 31 Mar 90
Net sales	391.38	303.60	753.12
Other income	7.50	9.75	16.26
Interest	10.84	10.40	21.60
Gross profit	24.88	13.10	46.92
Depreciation	6.48	4.60	12.50
Taxation	7.00	1.35	12.00
Net profit	11.40	7.15	22.42
EPS (Rs)			6.61
RONW (%)			17.94

Equity capital and reserves are at Rs 33.90 crores and Rs 91.04 crores respectively. Gross margin has improved significantly from 4.18% to 6.24%. At Rs 98.50, the P/E works out to 14.90. A good long-term buy.

EXCEL INDUSTRIES

(Rs crores)	6 months ended 30 Sep 89	6 months ended 31 Mar 90	18 months ended 31 Mar 89
Net sales & other income	59.87	49.24	112.23
Interest	2.40	2.79	4.58
Gross profit	9.45	5.33	12.05
Depreciation	1.38	1.18	2.78
Taxation	2.20	0.80	2.10
Net profit	5.87	3.36	7.17
EPS (Rs)			10.35*
RONW (%)			29.65*

The company's equity capital and reserves are at Rs 4.62 crores and Rs 11.50 crores respectively. Margins have perked up, the gross margin from 10.82% to 15.78% and net margin from 6.82% to 9.80%. At Rs 187, the P/E works out to 18.07. Buy at declines.

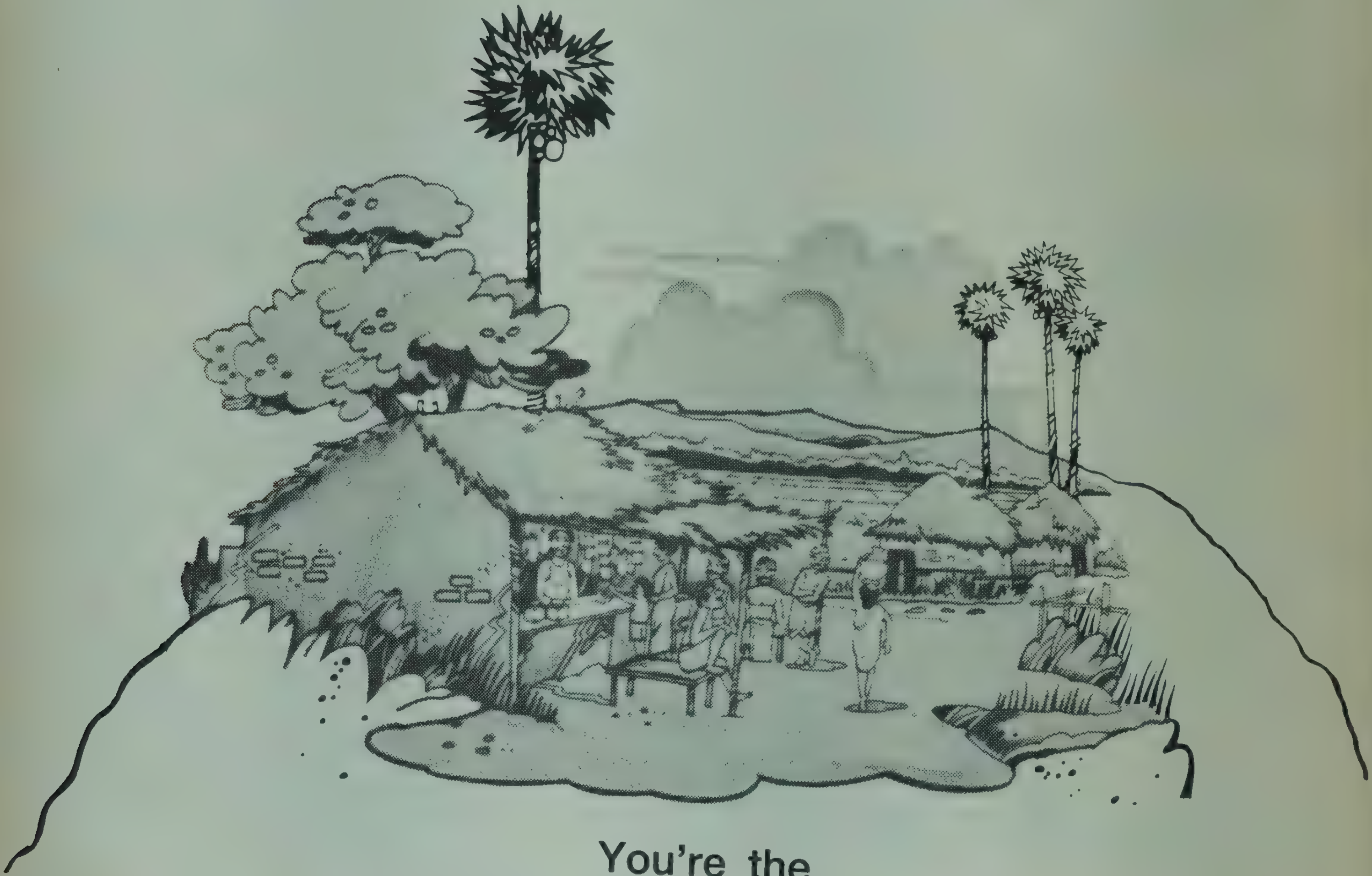
STANDARD INDUSTRIES

(Rs crores)	12 months ended 31 Mar 90	12 months ended 31 Mar 89
Net sales	204.95	161.52
Other income	18.03	16.41
Interest	11.69	10.71
Gross profit	10.52	12.08
Depreciation	8.38	7.96
Taxation	0.35	0.15
Net profit	1.79	3.97
EPS (Rs)	1.62	3.59
RONW (%)	3.65	8.10

The performance is alarming as margins have dipped — gross margin from 6.79% to 4.72% and net margin from 2.23% to a low of 0.80%. Moreover, at Rs 67, the P/E works out to a high 41.36 based on unaudited figures. (The last full year's audited figures yield a P/E of 18.66.) Equity capital and reserves are at Rs 11.06 crores and Rs 37.94 crores respectively. One should book profits.

*Note: *denotes annualised figures; half-yearly figures are unaudited; RONW denotes return on net worth; quotations as on 28 June.*

Can you reach our products to places you won't find on the map?



You're the Distributor we're looking for.

Beauty Cosmetics has captured the hearts of consumers in Tamil Nadu, Andhra Pradesh, Karnataka and Kerala...'with' shampoos in sachets & bottles; hair oils, and soon with a host of cosmetic products right there on the launch pad.

The secret of our success has been availability... from giant departmental stores in metropolises right down to the tiniest shop in the remotest hamlet.

Can you do the same for us in East, West & North zones?

Do let us know at the earliest. And become a member of a multi-crore company that's now waiting to captivate the rest of the country

Write to :

The General Manager

Beauty Cosmetics Pvt. Ltd.

No. 15, I Floor, 8th Street,
Dr. Subbarayan Nagar,
Kodambakkam,
Madras - 600 024.
Phone : 422338

Beauty Cosmetics

CP/BC/005/90

RESULTS

TISCO

(Rs crores)	12 months ended 31 Mar 90	12 months ended 31 Mar 89
Net sales & other income	2,135.57	1,876.41
Interest	117.39	67.49
Gross profit	294.62	274.03
Depreciation	118.79	93.69
Taxation	27.30	26.00
Net profit	148.53	154.34
EPS (Rs)	6.45	6.71
RONW (%)	11.93	12.40

Earnings have dropped marginally. However, at Rs 120.25, the P/E works out to 18.64 based on the unaudited figures. Equity capital and reserves are at Rs 230.14 crores and Rs 1,014.45 crores. Buy, particularly at declines. A good medium- to long-term investment.

GSFC

(Rs crores)	12 months ended 31 Mar 90	15 months ended 31 Mar 89
Net sales & other income	693.37	689.26
Interest	21.10	37.38
Gross profit	86.03	83.72
Depreciation	23.75	25.96
Taxation	10.94	9.10
Net profit	51.34	48.66
EPS (Rs)	11.56	8.77*
RONW (%)	16.87	12.79*

Equity capital and reserves are at Rs 44.41 crores and Rs 259.86 crores. Margins have improved marginally and at Rs 195, the P/E works out to 16.87 based on the unaudited figures. Hold.

SHRENUJ & COMPANY

(Rs crores)	12 months ended 31 Mar 90	11 months ended 31 Mar 89
Net sales	33.74	19.97
Other income	0.15	0.12
Interest	0.87	0.67
Gross profit	3.22	1.65
Depreciation	0.08	0.01
Taxation	0.10	0.01
Net profit	3.04	1.64
EPS (Rs)	5.43	3.20*
RONW (%)	42.70	25.12*

Gross and net margins have improved — the former from 8.21% to 9.50% and the latter from 8.16% to 8.97%. Equity capital and reserves stand at Rs 5.60 crores and Rs 1.52 crores respectively. The share is quoted at Rs 37.50, which yields a P/E of 11.72. A good long-term buy.

INDROL LUBRICANTS

(Rs crores)	9 months ended 31 Mar 90	12 months ended 30 June 89
Net sales & other income	116.61	154.87
Interest	—	—
Gross profit	7.84	11.76
Depreciation	1.17	1.39
Taxation	2.15	3.10
Net profit	4.51	7.27
EPS (Rs)	9.76*	11.80
RONW (%)	19.72*	23.84

Margins are under pressure — gross margin has declined from 7.59% to 6.72% and net margin from 4.69% to 3.87%. At Rs 238.75, the P/E works out to 20.23. Equity capital and reserves are Rs 6.16 crores and Rs 24.33 crores respectively. Buy at declines.

THE HIND SPG & WVG MILLS

(Rs crores)	12 months ended 31 Mar 90	9 months ended 31 Mar 89
Net sales	107.06	72.77
Other income	2.83	1.06
Interest	3.95	3.18
Gross profit	9.71	3.10
Depreciation	5.04	1.29
Taxation	0.25	0.00
Net profit	4.42	1.81
EPS (Rs)	358.77	195.89*
RONW (%)	—	—

The company has fared well. The unaudited figures yield an EPS of Rs 148.55 and apparently the company is out of the red. Equity capital and reserves stand at Rs 3.46 crores and Rs 2.38 crores respectively. At Rs 1,275, the P/E works out to 8.58. Hold.

TATA METALS & STRIPS

(Rs crores)	12 months ended 31 Mar 90	9 months ended 31 Mar 89
Net sales & other income	47.33	45.99
Interest	1.50	1.35
Gross profit	7.81	1.59
Depreciation	1.71	1.55
Taxation	0.96	0.26
Net profit	5.14	(0.22)
EPS (Rs)	148.55	(8.48)*
RONW (%)	—	(5.03)*

Gross margin has more than doubled at 8.84%. Net margin too has shot up significantly from 2.45% to 4.02%. Equity capital is at Rs 3.08 crores and accumulated losses are at Rs 0.64 crores. At Rs 1,425 (equity face value: Rs 250), the P/E works out to 7.27. Hold.

UNITECH

(Rs crores)	6 months ended 31 Mar 90	12 months ended 31 Mar 90	12 months ended 31 Mar 89
Net sales & other income	26.57	51.10	47.20
Interest	0.54	0.99	0.96
Gross profit	3.08	5.85	5.51
Depreciation	0.33	0.65	0.73
Taxation	0.70	1.25	1.04
Net profit	2.05	3.95	3.74
EPS (Rs)		5.48	5.19
RONW (%)		17.66	16.88

Margins have improved — gross margin by 0.14% to 11.59% and net margin by 5.27% to 7.72%. Equity capital and reserves are at Rs 7.21 crores and Rs 15.16 crores respectively. At the market price of Rs 26, the P/E works out to 5.01 based on the last full year's earnings. A good medium-term buy.

TELCO

(Rs crores)	6 months ended 31 Mar 90	6 months ended 31 Mar 89	12 months ended 31 Mar 90
Net sales	1,205.80	1,034.97	1,905.86
Other income	46.24	21.89	63.91
Interest	38.98	27.42	73.63
Gross profit	162.73	99.60	197.20
Depreciation	25.24	21.87	48.91
Taxation	44.00	13.90	45.75
Net profit	93.49	63.83	102.54
EPS (Rs)			9.89
RONW (%)			24.94

Equity capital and reserves are at Rs 103.67 crores and Rs 307.40 crores respectively. Margins have improved — gross margin from 9.42% to 13% and net margin from 6.04% to 7.47%. At the market price of Rs 159, the P/E works out to 16. An excellent buy.

MODI RUBBER

(Rs crores)	6 months ended 31 Mar 90	6 months ended 31 Mar 89	11 months ended 31 Mar 89
Net sales	254.16	232.43	408.86
Other income	4.46	2.49	4.98
Interest	9.63	7.42	12.74
Gross profit	22.53	10.12	26.14
Depreciation	4.60	4.70	8.62
Taxation	9.00	0.97	4.00
Net profit	8.93	4.45	13.51
EPS (Rs)			14.20*
RONW (%)			23.43*

Equity capital and reserves stand at Rs 10.38 crores and Rs 52.51 crores respectively. Margins have improved significantly — gross margin from 4.31% to 8.71% and net margin from 1.89% to 3.45%. At Rs 67, the P/E works out to 4.72. Hold.

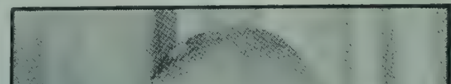
*Note: *denotes annualised figures; half-yearly figures are unaudited; RONW denotes return on net worth; quotations as on 28 June*

CANBANK FINANCIAL SERVICES LTD.

(WHOLLY OWNED SUBSIDIARY OF CANARA BANK)

CANFINA is marchin and is poised at a phas "integrated investmen

Excerpts from the speech delivered by the Chairman, Shri N.D. Prabhu, at the Third Annual General Meeting held on 11th, June 1990.



N.D.PRABHU
CHAIRMAN

ECONOMIC ENVIRONMENT

The country has made tremendous progress in various fields. The Government has put forth its vigorous and innovative efforts to bring about allround improvement in the Economy. The Statement of the Finance Minister, that the Government will speed liberalisation of tax and duty structure if the corporate sector responds to the incentives provided in the central budget, are all pointers to more sops for the industry. The budget also reflects a shift in emphasis from the Urban to the Rural and Agricultural Sector. The measures proposed to be introduced will bring down the cost of agricultural credit and will enable countrywide adoption of new strategies on rural credit which will definitely boost agricultural activity in the country. In industry, the sustained growth of about 8% is indeed encouraging. Recent changes in Industry and Trade Policies appeared to have the desirable effect of bringing about greater efficiency in the industrial system. Capital goods and consumer durables industries performed well. A larger number of intermediate and Capital Goods Industry led the upswing in the output.

The new EX-IM Policy of the Government aims and seeks to provide a more liberal import environment for export producers. The Stock Markets have shown consistent buoyancy truely reflecting the economic growth.

Banks in India have been diversifying their functions by taking up activities like Merchant Banking, Equipment Leasing, Housing Finance, Venture Capital Fund, Mutual Fund ...etc. With the approval of RBI six Equipment Leasing-cum-Merchant Bank subsidiaries have been set up including one in the private sector.

CAPITAL MARKETS

There is optimism prevailing in the Indian Stock Markets. The budget and the EXIM policy have been welcomed by the industry. The Share Market staged a noticeable recovery following speculative as well as renewed investment support. The positive role accepted by the financial institutions for giving "stability" to the capital markets may have sound implications on the capital markets. RBI has also issued detailed guidelines to Banks on important aspects of Mutual Fund business which will go a long way in giving the "stability" in the capital markets. The Government of India has initiated a number of measures to achieve qualitative changes in both Primary and Secondary markets. The formation of SEBI is a step in this direction. SEBI has brought out detailed guidelines with regard to functions and role of Merchant Bankers in the country.

The performance of the new issues in Capital Market has picked up momentum during the year compared with the previous 2 years. The year 1989-90 witnessed not only large number of Public Issues but also significantly larger amounts. There were 187 Public Issues during the year and a sum of Rs. 2800 Crores (approx) was mobilised. The response from the Public to the issues during the period was, on the whole, excellent. Out of the total amount of Rs. 2800 Crores raised from the Public during the year, over 59% was through Fully Convertible Debenture Issues. Amongst the most important development for the year was the increase in participation of Mutural Funds in the Capital of Indian Companies.

With the Government permitting banks to set up their Mutual Funds, allowing membership in Stock Exchange for the subsidiary of the Banks and SEBI as an APEX Body for regulating the securities industry in general and Merchant Bankers in particular, for ensuring investor Protection, the Indian Capital Market is expected to have steady and healthy growth. The recent guidelines on capital issues, codification of business ethics for the merchant bankers, regulations on security dealings on Stock Exchanges are expected to be catalytic to healthy growth of Capital Market on sound lines and at the same time afford maximum possible protection to the investors.

LEASING INDUSTRY

The profile of the companies in the Indian Leasing Industry consists of financial institutions, commercial banks, private finance and leasing companies while foreign banks and financial consultants play an active role in lease broking. The role of Leasing in modernisation and expansion programmes is likely to grow further. The Lessors are gradually adopting the new regulations on accounting advised by the Institute of Chartered Accountants. With the acceptance of Leasing as a recognised method of finance by public sector undertakings, removal of Section 115J and Investment Allowance provision under Income Tax Act, 1961, the future of leasing business is bright. CANFINA has positioned itself to play an active part in the Leasing Industry.

The industries are also showing preference towards Hi Purchase and instalment sale options. Permission to unde take Hire Purchase and instalment sale of equipment con bined with Leasing will encourage the banks' subsidiaries serve the corporate clients better in meeting their genu ine funding needs.

There are still certain avoidable constraints making the leas finance from becoming a major source of finance. The lev of Sales Tax on rentals by many of the State Government makes Leasing unattractive for lessees. The difficulty face in obtaining approval for issue of 'C' forms by lessors unde Sales Tax is another constraint. Removal of such constraint can go a long way in making leasing play a dominant rol for accelerating industrial modernisation and growth.

PERFORMANCE OF CANFINA

The Third year of operations has been quite exciting fo CANFINA. The total income increased from Rs. 29.7 Crores to Rs. 64.16 Crores during the year, registering growth of more than double as of last year. Profit Before Ta increased from Rs. 15.20 Crores to Rs. 27.33 Crores, registering an increase of around 75%. Out of the Profits after tax, major portion has beer transferred to reserves. A sum of Rs. 22.50 Crores has been transferred to Genera Reserves during the year. A Contingency Reserve to the extent of Rs. 2 Crores has also been created. Dividend has been stepped up from 18% to 20% for the year. During the year, paid-up equity share capital of the company has been increased by Rs.10 Crores, subscribed entirely by Canara Bank. The networth of the company as at March 31, 1990 stands at Rs.56.99 Crores (previous year Rs. 22.89 Crores).

CANFINA has achieved allround performance in the various financial services offered during the year.

In the Leasing front, cumulative sanctions amounted to Rs. 181.78 Crores and income from this activity increased from Rs.12 Crores in 1988-89 to Rs.24.97 Crores, Recovery of dues has been very good.

The Company continues to be in the premier position in the capital issue management. CANFINA handled 152 capital issues during the year mobilising a sum of Rs.3420 Crores, including some prestigious issues of Public Sector undertakings.

Investor services gained momentum during the year and CANFINA launched "Across the Counter" facility at Bombay, Bangalore and Madras branches for disposal of odd lots by investors.

The Broking Activity commenced during the year at our Calcutta office and will gain further momentum when it becomes operational in our Delhi Office too.

The Portfolio and Asset Management Services were availed by 35 corporate clients during the year and Project Advisory and Syndication services were availed by 16 companies during the year. The Issue House and R & T Services also gained substantial market presence. Canbank Venture Capital Fund was launched during the year with an initial contribution of Rs. 10 Crores by Canara Bank and Rs. 10 Lakhs by CANFINA.

CANFINA has been entrusted with the work of promoting the Factoring Services subsidiary for Canara Bank and the inprinciple clearance in this regard has already been received from the Reserve Bank of India.

CANFINA is marching ahead with confidence and is now poised to a phase of accelerated growth. CANFINA is aiming at providing total satisfaction to the clients and there by emerge as an "Integrated investment banking institution".

ACKNOWLEDGEMENTS

I dedicate the Third Annual Report to the staff/executives of the Company for their commitment and tremendous efforts which enabled the company to attain the present enviable level of operations.

I must also express my grateful thanks for the co-operation and valuable assistance of my colleagues on the Board in directing the affairs of the Company.

I also take this opportunity to place on record our sincere thanks to the Government of India, the Reserve Bank of India, Canara Bank and above all the valued customers and depositors of the company for their excellent co-operation and support.

THIS DOES NOT PURPORT TO BE A RECORD OF THE PROCEEDINGS OF THE AGM

ahead with confidence
of accelerated growth to emerge as an
banking institution".

OARD OF DIRECTORS

.D. Prabhu	– Chairman
. Lakshminarayanan	– Vice Chairman
ansi S. Mehta	– Director
udhir Jalan	– Director
.P. Rao	– Managing Director
. Kannan	– Executive Director

OMPANY SECRETARY

. Lakshminarayanan
xecutive Vice-President (Finance)

UDITORS

/s. B.P. Rao & Co
hartered Accountants,
.71, Vishwanath Rao Road,
adhavnagar, Bangalore.

OLICITORS

ng & Partridge	Dave & Girish & Co.
dvocates & Solicitors	Advocates
ngalore.	Bombay.

ERFORMANCE HIGHLIGHTS

	1989-90 Rs.in lacs	1988-89 Rs.in lacs
id up capital	2,000-00	1,000-00
serves & Surplus	3,699-44	1,289-48
oss fixed Assets	10,641-02	6,513-21
preciation	1,873-86	949-18
t Block	8,767-16	5,564-03
oss Income	6,416-16	2,975-92
ofit before tax	2,733-34	1,520-05
ofit after tax	2,258-34	1,270-05
of dividend declared	20% p.a	18% p.a
mber of employees	148	116

UR SPECTRUM OF SERVICES

) Capital Market Services:

nagement of capital issues for private, public and joint tor companies, covering public/rights issues of all es of securities, providing services from Capital Structing upto refund reconciliation as a single package.

) Financial Services:

visory services are formulated to suit the special uirements of every customer.

reparation of Project Reports.
redit Syndication.
roject Finance, Deferred Credits, etc.
dvice on Intercorporate Finance.
orporate cash portfolio management: for effective nanagement of short term surplus with ideal mix of ield, security and liquidity.

International Services:

requirements of the International market are met by specialised services relating to

- Credit Syndication.
- Foreign currency finance.
- Counselling on transfer of technology, collaborations, joint ventures.
- Arranging and matching proposals for collaborations, equity participation, joint ventures including government clearances.
- Advice to foreign entities on setting up of industries in India, including projects of non-resident Indians and persons of Indian origin.
- Counselling, structuring the proposals, determining terms of collaboration, joint venture, selection of legal advisors and preparation of agreements.
- Portfolio management for non-resident Indians, persons of Indian origin for investment in primary and secondary markets.

(d) Strategic Services:

- Entrepreneurial advice on selection of projects, location, consultations, etc.
- Market Surveys.
- Mergers, amalgamations, acquisitions including assistance in identification of matching proposals, capital structuring, preparation of schemes, valuation of assets, shares, approvals of the Government, Courts, etc.
- Advice on rehabilitation schemes for sick units including restructuring.
- Venture capital activities.

(e) Leasing:

Attractive lease packages are available to suit the needs of both small and big customers. Emphasis is given on Import leasing and big Ticket leasing.

(f) Industrial Consultancy:

Professional counselling and guidance from project identification to successful project implementation is taken up. This includes project consultancy, management consultancy, research and training.

(g) Venture Capital:

First generation entrepreneurs are encouraged by our emphasis on technology development thereby contributing to national objectives.

(h) Investor Services:

(1) Investors News letter : Its a highly informative tabloid providing indepth knowledge of primary and secondary markets.

(2) Membership in Delhi and Calcutta Stock Exchanges: The investor can now depend on us for healthy speculation and profitable investments.

(3) Inhouse Data Processing Centre: Timely service is provided in handling of issue application, refund payments, dividend and interest payment.

(4) NRI portfolio Management: Our thorough knowledge of Indian Industrial scenario has helped NRIs to invest profitably in various Indian Companies.

(5) Dealer Network for Mega Issues: This extensive network ensures that every investor is reached resulting in oversubscribing of Mega issues handled by us.

(6) Across the counter facility: 'Odd lot' equity shares can now be easily disposed through our across the counter facility.

OUR NETWORK

REGISTERED OFFICE

Canbank Financial Services Ltd.,
19/5 & 19/6, "Kareem Towers", Cunningham Road,
Bangalore - 560 052.
Tel: 268081, 266912, 261432, 261631.
Tlx: 0845-2251, 0845-8901. Fax: 0812-264016.

BOMBAY

115, Atlanta, Nariman Point, Bombay - 400 021.
Tel: 240057, 240107, 2049690, 2044606.
Tlx: 011-3712 CMBD-IN. Fax: 022-2874250.

Rajabahadur Mansion, 1st Floor, 32, B.S. Marg,
Bombay - 400 023.
Tel: 275990, 275824, 275743, 276695.
Tlx: 011-4419 CFSL-IN. Gram: CANFINSERV.

"Uma Mahesh", B1 - 539, M.M. Chotani Road,
Mahim (W), Bombay - 400 016.
Tel: 461677, 461678.

AHMEDABAD

Narayan Chambers, Ashram Road, Ahmedabad-380 009.
Tel: 78837, 77592. Tlx: 0121-6468 CFSL-IN.

BANGALORE

World Trade Centre, F.K.C.C.I. Building,
Kempe Gowda Road, Bangalore - 560 009.
Tel: 268237, 266177, 263754. Tlx: 0845 - 8638.

MADRAS

Spencer Annexe, 770-A, Anna Salai, Madras - 600 002.
Tel: 8254129, 8254132. Tlx: 041-6617.

NEW DELHI

1E, Vandhana Building, 11, Tolstoy Marg,
New Delhi - 110 001.
Tel: 3312035, 3312098, 3312937. Tlx: 031-66173.

CALCUTTA

2/1, Russel Street, Ground Floor (Rear),
Calcutta - 700 071.
Tel: 293197, 293033.

HYDERABAD

P.B.No. 188, 1st Floor, F.D. Khan Building, Abid Road,
Hyderabad - 500 001.
Tel: 231149, 240998. Tlx: 0425-6541 CMBB-IN.

VIDEOCON

mps have been retained by **VIDEOCON INTERNATIONAL LIMITED** to recruit senior Materials Personnel for their integrated TV manufacturing complex at **Aurangabad.**

AGM - MATERIALS AURANGABAD

The incumbent will be responsible for all purchasing and vendor development functions. He will be assisted by a team of senior and middle level managers and is required to ensure smooth and uninterrupted production, with due consideration to cost and inventory norms.

Aspiring candidates should be graduate engineers, around 40 and preferably with formal qualifications in materials management. They should possess 12/15 years of relevant experience of which at least 4/5 years should have been at a department head level. Exposure to computerised materials management operations is a **must.** Knowledge of JIT principles and practices will be a distinct advantage.

AGM - STORES AURANGABAD

This position will be responsible for all Stores/Despatch functions covering. Receiving/Component Stores, Warehousing, Finish Goods Despatch, Excise and related matters.

Applicants should be graduates, preferably engineers, around 40 years old with formal qualifications in materials management. They should have 12/15 years of working experience of which at least 4/5 years should have been as the head of the stores function in medium-sized engineering companies. Candidates should also have an upto-date grasp of various excise rules and procedures and should have had experience of representing their organisation before various excise authorities.

Compensation is designed to attract the best talent available and will be absolutely no bar for the right candidate.

Please send your applications, alongwith a recent photograph, and mentioning two, non-relative references to our consultant:

hemendra k. varma
management productivity systems
post box 9313
bombay 400 036.

APPOINTMENTS

WANTED

Mohan Meakin Limited — Established 1855

We are the country's oldest beverage manufacturing company with a total turnover in excess of Rs. 300 crores and a network of 37 offices, breweries and distilleries all over the country. We have been successfully marketing some of the most popular brands — Old Monk, Black Knight, Diplomat Deluxe, Solan No. 1, Golden Eagle — for the last 135 years.

Presently we are engaged in an exercise to restrengthen our marketing division. We have attractive openings for young 'do-getters' with experience in marketing.

ZONAL MANAGERS – 4

CHANDIGARH-LUCKNOW-CALCUTTA- BOMBAY

Discerning, suave and visionary, they should be in their early forties with a degree in Marketing Management from the IIMs and a relevant experience of atleast 10 to 12 years in a similar capacity.

They will be required to appoint new wholesalers, exercise control on the companies depots, evolve effective marketing strategies, activate and lead the entire sales team and act as a driving force in achieving the long term and short term marketing & sales objectives of the company.

They will be stationed at one of the cities mentioned above & will have accessibility to the Executive Director/GM (Marketing) of the company. Persons applying for posts in Bombay and Calcutta should have their own accommodation.

This is a position of high responsibility and carries a salary package that matches the best in the industry.

Please apply in full confidence within 10 days with all particulars and a recent passport size colour photograph, specifying your city preference and superscribing the envelope CODE: HRD-90-91-002 to:-

The Executive Director
Mohan Meakin Limited, Mohan Nagar (U.P.)

Systems 899/90

Mohan Meakin Limited Estd. 1855

PERSONNEL FOR INDUSTRIAL RELATIONS

CALCUTTA

One of the largest professionally managed Engineering Companies in India requires :

1. **SENIOR INDUSTRIAL RELATIONS MANAGER**
   Candidates would be heading the Industrial Relation function in a unit employing approximately 2000 persons. The incumbent would be fully responsible for Union negotiations, Productivity improvement, Manpower Planning and training and all other related administration areas. The candidates should possess sound professional qualifications and have minimum 10-15 years experience with an excellent track record in a large or medium size industrial unit preferably in the engineering industry.

2. **DEPUTY MANAGER - INDUSTRIAL RELATIONS**
   The candidate would be responsible for Union negotiations, Productivity improvements, Disciplinary actions and other related administrative functions in the unit employing about 1000 persons. The candidates should be post-graduates and have atleast 5-7 years of relevant experience in a good organisation.

Excellent remuneration packages matching the best in industry would be offered to suitable candidates.

Applications with detailed bio-data should be sent in strictest confidence within 15 days to

BOX NO. 748–BUSINESSWORLD, 6, Prafulla Sarkar Street, Calcutta 700 001

MANAGERIAL OPPORTUNITIES

LEADERSHIP BUILT ON TRUST

At HCL, growth is a never ending process. So is our search for good **Managerial Talent.** HCL, with its present sales at Rs. 250 Crores is projected to grow to Rs. 350 Crores next year. Our current growth plans have created the following **36 Managerial Opportunities** for talented professionals in all product divisions.

SALES — 12

You will be responsible for design and implementation of innovative sales strategies to achieve superior performance standards in terms of Sales, Customer satisfaction and Territory development.

With each Division operating under a Profit Centre Concept, you will be expected to attain divisional objectives by guiding and leading a team of sales professionals.

You should be an Engineer/MBA with 5 years experience in Marketing/Direct Industrial Selling, with at least 1-2 years experience of man management. Exposure to Professional Electronics, Office Automation Industry will be given added weightage.

SYSTEMS — 6

a) **Systems Stream**
You will be responsible for leading a group of systems professionals in providing excellent pre-sales marketing support and post sales customer support including software project management.

You should be at least a graduate with 6-8 years of experience and have acquired considerable exposure with a Computer manufacturer/Consultancy firm/large software house or user organisation. You should have worked in Micro and Mini environment, kept track of latest developments in the software field internationally and have the competence to interface with the external and internal environments.

b) **Application Stream**
For CAD/CAM segment, we require specialists who should be engineers with at least 2 years of working knowledge in CAD/CAM application software in the areas of Mechanical CAD, Structural engineering, Architecture, Ship building, Mining and Electronics design automation.

Candidates having actual design experience of 2-4 years in any of the above areas will be considered for suitable positions and would be provided training in India and abroad.

CUSTOMER ENGINEERING — 12

You will be responsible for post installation activities, customer care, corrective/preventive maintenance and spares inventory management. Ensuring high uptime targets and maximising customer satisfaction through a team of customer engineering professionals will be your key performance area.

You should be a Degree/Diploma holder in Electronics/ Electrical Engineering with 6-8 years of previous experience in maintenance management, preferably in the servicing of Microprocessor based equipment.

COMMERCIAL — 6

You will be responsible for processing of orders booked by Sales for technical acceptance, interfacing with manufacturing for order execution, site design and supervision of site preparation, installation of systems, collections and monitoring Annual Maintenance Contracts of your region.

You will be assisted by a technical and commercial team to achieve pre-set targets.

You should be a graduate with around 8 years experience in handling commercial aspects, preferably in the Engineering Industry.

Candidates with lesser experience will also be considered for other suitable positions.

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We are looking for Systems Designers and Architects with over 6 years' experience and relevant engineering qualifications to spearhead and lead activities in the areas of:

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Knowledge of UNIX, 'C', Pascal and microprocessor assembly languages is desirable.

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They would be involved in:

• Inspection and testing of components and peripherals • Testing and trouble shooting • Development of diagnostic routines for microprocessor-based systems • Design of mechanical sub-assemblies and cabinets • Maintenance of systems and providing support to vendors for manufacturing • Reliability testing of microprocessor-based systems.

Knowledge of Unix, 'C' and microprocessor assembly languages is desirable.

Remuneration will be commensurate with qualifications and experience.

Criteria will be relaxed for SC/ST candidates in keeping with Government guidelines.

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The Personnel Officer

CMC Limited

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Envelopes should be superscribed "P L", "S W", "H W" or "PE"

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This is a new company and the incumbent will be responsible for All India Marketing & Sales functions. Major customers are in the field of **Cement, Tea, Fertilizers, Chemicals** and allied industries and the GMS must have previous selling experience to some of these industrial sectors. Engineering + MBA Qualification will be preferred, but not considered as a prerequisite for this position. Age Group 35-45. Please write to **B P Agrawal, Chairman** and mark the envelope & enclosures with job title & code GMS/BPA/3020.

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The incumbent will have responsibility for the manufacturing function of his division producing CTV & B/W T.V. Sets including production, maintenance, industrial relations, industrial engineering, process improvement & materials management. He must have good commercial orientation and understanding of financial aspects of the manufacturing function. Ability to function autonomously, execute the tasks in an innovative manner, enforce productivity standards, manage a large work-force, and provide effective leadership are essential pre-requisites.

Candidates should be B.E. (Electronics) with at least 15 years total experience in all aspects of production operations in a reputed electronics company including at least 5-7 years in T.V. assembly.

Preferred Age: Around 40 years.

Candidates with lesser experience shall also be considered for Junior positions.

The company has a liberal compensation policy designed to attract the best talent available and will be absolutely no bar for the right candidate.

Please apply within 10 days giving complete details of present employment and salary, mentioning two non-relative references along with a passport size photograph to our consultant:

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management productivity systems
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A well-established, professionally managed diversified group, with turnover in excess of USD 175 million, wishes to recruit the following professionals.

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Candidates should preferably be graduates and have a minimum of 2 years' experience in development of commercial applications in UNIX environment. A sound knowledge of RDBMS like Oracle is necessary and knowledge of 4 GLS, C, COBOL IBM RPG and personal computer applications is desirable. Preferred age group is 22 to 28.

Chartered Accountants MS 2126

Candidates should be qualified from a reputed firm of accountants with 2/3 years of post-qualification experience in a reputed organisation. Preferred age group 25 to 28.

Senior Accountants MS 2127

Candidates should be B.Com./M.Com. with at least five years of experience preferably in a computerised environment. Preferred age group is 25 to 28.

The above positions are as single status and offer long-term career opportunities.

Candidates meeting the above requirements should forward two copies of their C.V. together with photographs and a copy of passport within ten days to:

S.B. Billimoria & Co.
Meher Chambers, 2nd Floor
Nicol Road, Ballard Estate
Bombay 400 038

superscribing the appropriate MS No. on the envelope.

Chaitra-B SBB 97

HINDUSTAN ZINC LIMITED
(A Govt. of India Enterprise)

Registered Office : Yashad Bhawan, Yashadgarh, Udaipur-313 001

NEEDS
GENERAL MANAGER (SMELTERS)

Hindustan Zinc Limited is a multi-unit organisation with a network of Mines and Smelters located in Rajasthan, Bihar, Orissa and Andhra Pradesh. It is a major producer of Zinc, Lead and Silver in the country and is having an ambitious expansion programme.

The selected incumbent will be required to head one of the smelting units of the Company.

The Company looking for a result-oriented person with proven managerial competence. He should hold a degree in Metallurgical/Chemical Engineering. He should have at least 15 years' experience in production, plant maintenance, industrial relations, materials management and process development, preferably in nonferrous sector. He should currently be holding a senior position not below the scale of Rs. 2550-3350 in a Public Sector Company or equivalent high post in a large Private Sector Organisation. Persons holding Engineering degree in other disciplines having suitable experience would also be considered.

The post carries the pay scale of Rs. 3000-100-3700 (pre-revised) plus adhoc relief of Rs. 1080-1200 with liberal fringe benefits and perks. Higher start can be considered in deserving cases.

The applicant should preferably be below 45 years of age, which is relaxable for SC/ST candidates as also deserving general candidates.

Application in the prescribed form obtainable on request alongwith a crossed postal order for Rs. 8/- (not required in case of SC/ST candidates), drawn in favour of Hindustan Zinc Limited, Udaipur should reach the Secretary, Hindustan Zinc Ltd., Yashad Bhawan, Yashadgarh, Udaipur-313 001. by 25th July, 1990.

Those employed in Govt./Public Sector Undertakings should apply through proper channel.

Candidades called for interview shall be paid to and fro air fare.

PR/C/28/90-91

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A large multi-product Group of Companies wishes to expand its export operations in its Government recognised "Trading House'.

The General Manager would be required to organise for substantial expansion of exports to markets like Europe, Middle East & Africa, of existing Company products and new product lines.

The job envisages total integrated responsibility from long range planning to all market development activities which will include finalisation of supply sources for non-manufactured items, finalisation of prices & export terms etc. This export division would be a separate profit centre within the existing operations.

We are looking for a professional manager in the age group of 30-40 years with an excellent track record who would be able to build up an excellent team and develop long term stable exports.

Growth opportunities within the Company itself and in the "Group" are excellent.

Salary and perquisites are equivalent to the best in the country.

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The incumbent will have an overall responsibility for the group's purchase function including procurement, vendor development and inventory control. He will report to the Executive Director.

The candidates should be chemical engineers/graduates in science with specialisation in chemistry and preferably MBAs with about 8 – 10 years relevant experience with reputable chemical companies. Preferred age: 30 – 35 years.

QUALITY CONTROL MANAGER

Kalyan MS/5531

The incumbent will be responsible for the quality control and assurance function including laying down and reviewing quality standards at the raw material, in-process and finished product stages. He should be thoroughly conversant with the latest concepts in quality assurance. He will report to the Vice President – Works.

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Remuneration is attractive and will not be a constraint for the right candidate.

Please apply in strict confidence, within 10 days to:

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giving full details of age, qualifications, experience and salaries drawn. All applications and envelopes should be marked with the relevant MS reference number. Candidates not contacted within three months of application, may assume that they are not being considered.

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Candidates should have minimum 3 years proven track record in hospital sales.

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Male/Female candidates should have a flair for selling, preferably with 1-2 years experience, in hospital working.

For both positions the candidates should be:

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- Having a flair for travelling • Fluent in English and a local language • Able to join immediately.

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Please apply within 7 days, along with complete Bio-data and a recent passport-size photograph, to:

Manager, Sales Promotion:

LYKA LABS LIMITED

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Ind Advt

SUNDAY

NEEDS

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- The Scheme will be open to those who are Unit '64 account holders on 30th June '90 and those who apply in the month of July '90.
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- Each Unit holding account will be entitled to invest a minimum of Rs.500 and a maximum of Rs.2000.
- The scheme will be open from 1st September to 31st October '90.
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- Justice Basheer Ahmed Syed Building, 45, Second Line Beach, Madras 600 001 Tel: 587433, 580938
- Gulab Bhavan (Rear Block) 2nd Floor, 6, Bahadur Shah Zafar Marg, New.Delhi 110 002 Tel: 3318638, 3319786

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Sistas-UTI-203/90-E

N. SANKAR, vice-chairman and managing director of Chemicals & Plastics India, has taken over as alternate president of the Associated Chambers of Commerce & Industry of India (Assocham).

K.C. KHANNA has been appointed president of 20th Century Finance Corp.

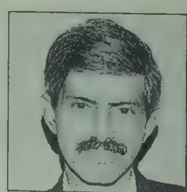
P. K. MUKHOPADHYAY has taken over as chairman of Indian Oil Corp.

S. NAVALAN has been appointed director (finance), Bengal Chemicals & Pharmaceuticals.

D. GANGULY, general manager and company secretary, Tata Tea, has been elected president of the Calcutta Management Association (CMA) for 1990-91.

S. M. KHANNA has taken over as deputy general manager, Allahabad Bank (Eastern zone).

LALIT DOSHI has taken over as managing director of the State Industrial & Investment Corp of Maharashtra (Sicom).



SAM BALSARA has been elected president of the Advertising Club, Bombay.

SATISH GIROTRA has taken over as resident director of the Oswal Agro group of companies at New Delhi.

IDRIS HASAN LATIF has been appointed director of VST Industries, Hyderabad.

N. GOMATHINAYAGAM has been reappointed chairman and chief executive of Bharat Overseas Bank for a further period of two years.

R. RAJAPPA has been appointed managing director of Water and Power Consultancy Services (India).

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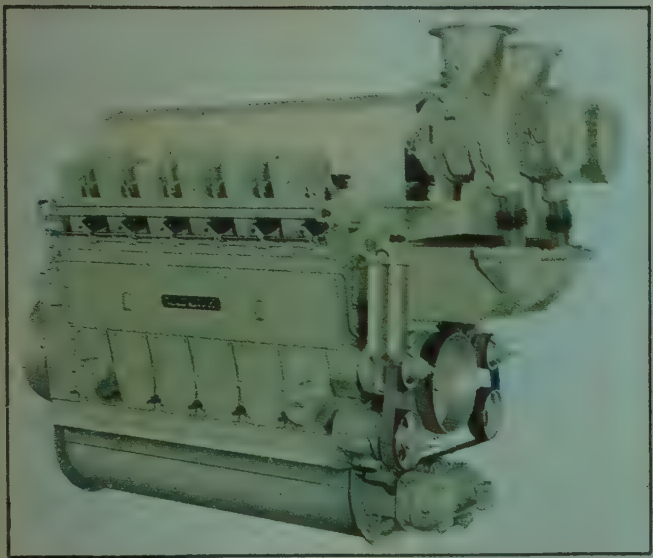
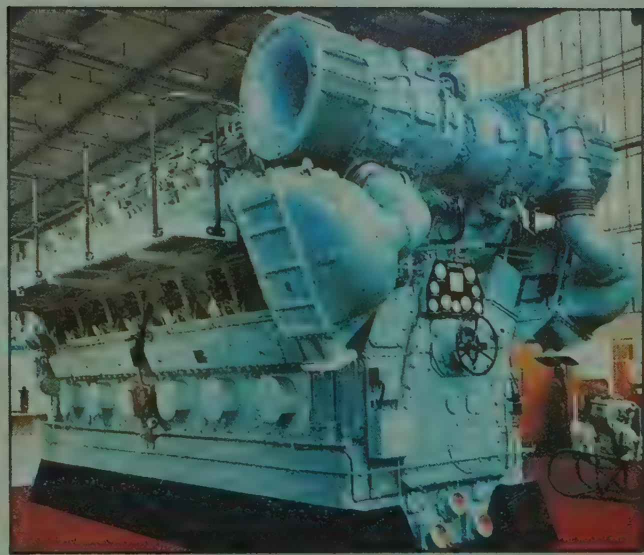

Engine Type : ESL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ESL 9	1487	1747
ESL 12	1984	2331
ESL 16	2645	3107
K 8	4355	5175
K 9	4900	5815
KV 12	6532	7750

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BMA/MMB

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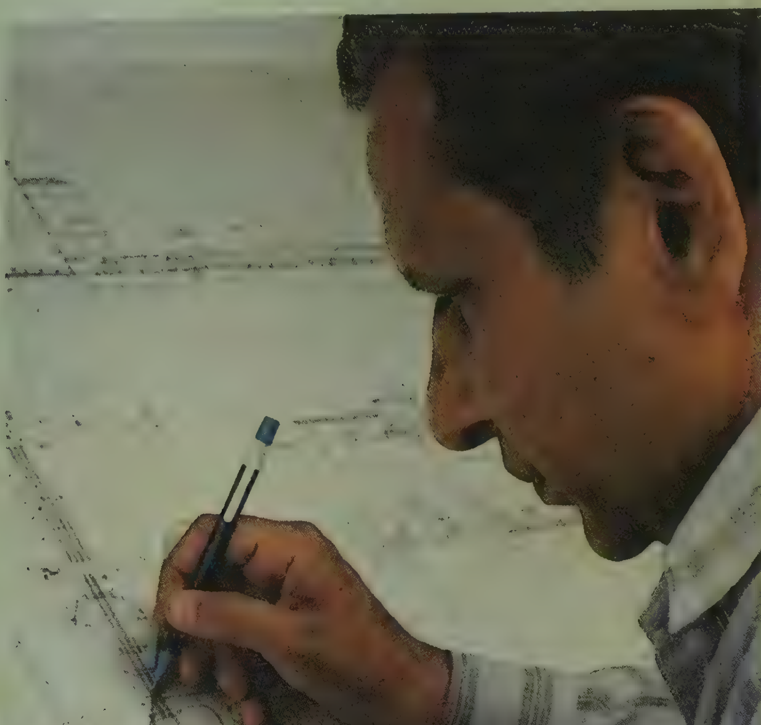

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What's more, Jindal will save vital foreign exchange through India's first 100% import substitution Ferro-nickel project in Orissa. It's not really surprising! Because, while others proudly proclaim their foreign collaborations, Jindal has been quietly investing in R&D. To emerge as a Rs.600 crore group. Besides, of course, saving those crucial dollars.

JINDAL
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BIT PLAYER

The raids and show-cause notices notwithstanding, the Videocon group has not stopped looking at new areas for growth. At the recently-concluded Indo-USSR Chamber of Commerce exhibition held in Moscow, among some of the diversifications mentioned was one into microcomputers. And the machines Videocon representatives talked of were top-drawer: an i486-based machine, an i386-based micro and an i286 PC-AT.

If the grapevine is to be believed, Videocon's micros did draw interest in Gorbachov country, but it is not clear whether a move into the domestic market is in the offing. But if a foray is attempted, it would be interesting to see how Videocon fares in this highly cut-throat industry. "We are planning a foray into computers," confirmed a company spokesman. "But it's a long-term plan."

SECOND INNINGS

The Goa-based Mandovi Pellets, promoted by the Chowgules, is likely to begin humming by October this year. Born in 1979, the plant slipped into a coma within 20 months. Reason: fuel oil prices hit the roof — from Rs 750 per tonne when the plant began pellet production to Rs 2,700 when it shut shop. Secondly, it received only half the power promised (12 Mw instead of 25 Mw) by the Union territory government. The outcome: Mandovi Pellets was soaked in red. As on 31 March 1990, accumulated losses stood at Rs 33 crores.

Now with the demand for pellets booming the world over, the company plans to begin its second innings as an export-oriented unit. This would entitle the company to import fuel oil at Rs 1,750 per tonne as against the domestic price of Rs 3,200. Besides, a captive power capacity is also on the cards.

WANTED: A SUITOR

Any takers for Genelec? None so far, although banks have already begun the hunt, as have the Chhabrias themselves. But going by the institutions' experience in finding a buyer for Metal Box, it is anybody's guess how long the exercise will take.

KAUL ISN'T INTERESTED

And then there is the BIFR factor. Going by ICICI's experience in locating a taker for the ailing Dytron India, the BIFR tends to be rather wary of okaying deals with single parties which have been directly and privately negotiated rather than settled through open bids. (Although technically Genelec is not a BIFR case, there are no illusions about BIFR granting it a sick status.)

Insider information from the Chhabria group indicates that some hopes were being pinned on the possibility of the Nicco group being interested. After all, Nicco and Genelec have been in close touch over recent months. They even thrashed out an agreement under which Genelec would market automotive batteries manufactured by Nicco Batteries under its own brandname Genelec. At the moment, the agreement is as valuable as the paper on which it has been drafted. And as for taking over Genelec itself, Nicco supremos Rajive Kaul and Abhijit Sen are simply not interested.

BISCUITS TO CHOCOLATES

Britannia, which is planning an entry into chocolates, is not thinking of putting up a chocolate plant. Instead, it is believed to be contemplating an arrangement with Sathe's for sourcing production from its Pune (Maharashtra) unit. Britannia will, of course, be marketing the chocolates under its own label.

Managing director Sunil Alagh, in a recent *BusinessWorld* interview, had also not ruled out the takeover of units in the foods line if it furthered the company's interests. For the moment though, the idea is merely to source stuff from others. The Britannia-Sathe link seems to be on the lines of the reported tieup between Nestle and Campco. A Mangalore-based cooperative, Campco's foray into chocolates, essentially to help cocoa farmers, has not been very successful in spite of boasting a sophisticated plant. Lack of marketing savvy and Cadbury's dominance led to the poor showing.

ADITYA BIRLA'S NEW VENTURE

Will it get the nod from the MRTP Commission? Aditya Birla should be certainly hoping for it. His Grasim Industries proposes to put up a 180 tonnes per day pulp plant in Sadora, Haryana. Estimated cost: Rs 240 crores. The plant is expected to obviate the need to transport pulp from Harihar Polyfibres (a division of Grasim) in Kumarapatnam, Karnataka, all the way to Grasim's major plant in Nagda, Madhya Pradesh, thereby saving on freight cost.

While the Haryana government does not seem averse to the project, local users of wood (from which pulp is made) are not exactly rejoicing. In Karnataka itself, Harihar Polyfibres had run into trouble with environmentalists over the discharge of effluents into the Tungabhadra river. The operations of Karnataka Pulpwood, a company promoted by the Karnataka Forest Development Corp and Harihar Polyfibres for the cultivation of eucalyptus for supply to the latter, have been stayed by the Supreme Court. This followed a public interest petition filed in 1987 by environmentalists.

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